

7th Annual  
Green Issue

# producebusiness

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## THE STATE OF SUSTAINABILITY In The Produce Industry

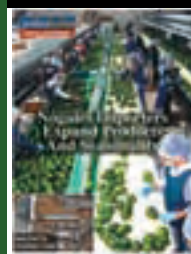
By Jim Prevor, Editor-in-Chief



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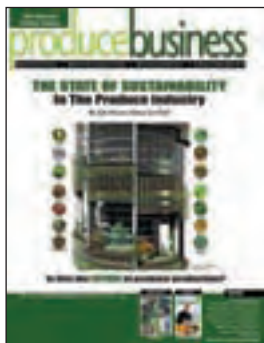
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COVER IMAGE BY BLAKE KURASEK



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## THIS MONTH'S WINNER



**Tony Ciluffo**  
Produce Buyer  
Merchants Distributors, Inc.  
Hickory, NC

As a child growing up in the produce world, Tony Ciluffo used to work with his dad selling bananas off the stalk in St. Louis, MO. Today Ciluffo is a produce buyer for Merchants Distributors, Inc., a private wholesale grocery store distributor based out of Hickory, NC.

"We service over 600 retail food stores with food and non-food items in 11 states," says Ciluffo. "I am responsible for purchas-

ing different commodities like bananas, tropical fruit, melons, egg, and onions."

Ciluffo has worked at the family-owned company for 20 years and has been reading *PRODUCE BUSINESS* for 10 to 15 years.

"I like the advertisements because they keep me updated with the different venders and the new packaging," says Ciluffo. "It helps me get some good ideas with merchandising."

**How To Win!** To win the *PRODUCE BUSINESS* Quiz, the first thing you have to do is enter. The rules are simple: Read through the articles and advertisements in this issue to find the answers. Fill in the blanks corresponding to the questions below, and either cut along the dotted line or photocopy the page, and send your answers along with a business card or company letterhead to the address listed on the coupon. The winner will be chosen by drawing from the responses received before the publication of our November issue of *PRODUCE BUSINESS*. The winner must agree to submit a color photo to be published in that issue.

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## QUESTIONS FOR THE SEPTEMBER ISSUE

- 1) What is the phone number to order red onions from Tanimura & Antle? \_\_\_\_\_
- 2) Which "Premium Washington Pears" are Sweet Gourmet Pears promoting? \_\_\_\_\_
- 3) Which company uses a key to "unlock the secret to increased bananas sales"? \_\_\_\_\_
- 4) What four companies are partnering with the movie, *Cloudy With A Chance of Meatballs 2*? \_\_\_\_\_
- 5) Which company is "dedicated to a brighter future"? \_\_\_\_\_
- 6) Which company uses a soccer ball in its ad for snacks? \_\_\_\_\_

This issue was: ☐ Personally addressed to me ☐ Addressed to someone else

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# LESSONS FROM HONG KONG

By James Prevor  
President & Editor-in-Chief



**T**he hotel rises from the heart of the central district of Hong Kong, and I can see spectacular views of Victoria Harbor from my suite on the 42nd floor of the Four Seasons Hotel Hong Kong. The hotel is part of the International Financial Center, which contained the tallest building in Hong Kong when it opened in 2003 — but this being Hong Kong, such records don't last long. Now I stare across the harbor at the

International Commerce Center (ICC), the tallest building in Hong Kong and the seventh tallest in the world.

The wealth here is astounding. The ICC is crowned by a Ritz-Carlton, and every other building seems to have a mall with more upscale stores than any in America. The purpose of my visit was to attend Asia Fruit Logistica and the Asia Fruit Congress. The organizers are attempting to build an event such as Fruit Logistica, the giant Berlin event held each year in Europe, in Asia.

I would strongly recommend Americans go to Asia Fruit Logistica, partly because it is a well organized event with quality programming and attendees — but mostly because not too many Americans go. It is, of course, important to attend the mainstay American events, but we see that as the ante necessary to remain competitive. To gain a competitive edge, one has to go beyond what one's peers are doing by visiting new places and making new contacts. This reason is why we here at PRODUCE BUSINESS joined up with the Eastern Produce Council to launch The New York Produce Show and Conference. For many in the industry, the intricacies of distribution in the Northeast are such that they might as well be in Hong Kong.

We had lots of meetings in Hong Kong and, in the past, have delivered many speeches for some of Asia's leading retailers. As such, we have lots of friends there, and whether it was a dinner or an office meeting, we came away with much optimism. So many people, so many moving into the middle class, import, export, partnerships and direct investment — all of which offer opportunities for those active in the produce trade.

The potential for trade is vast, but the path may be tumultuous, and not a little treacherous. You really need a partner who knows the business, knows the landscape, and has the right connections. You also need to be prepared to invest with a very long-term perspective. When McDonald's opened in Hong Kong, nobody could cut lettuce to the food safety standards McDonald's required. Management didn't see this as a reason to not open, so they flew in product daily from Sydney, Australia. It was financially a loser but part of a long-term strategy to build pres-

ence in an important market. As McDonald's acquired scale, they would teach or entice someone to meet their standards, and they did.

Hong Kong itself is an anomaly, being part of China, but different. The slogan is "One Country, Two Systems," but tiny Hong Kong, with its British heritage and its Common Law legal system, has the winning system. It is not exactly clear how/if the rest of China can make the adjustment.

In Asia, one realizes the outsize role America plays in the world. All the conversations were about how rising U.S. interest rates would suck money from Asia. Frankly, when the U.S. sneezes, the world still catches a cold.

Still, I found myself conflicted in Hong Kong. On the one hand, I was invigorated, seeing such a youthful society so filled with strivers. I drew vigor from the contacts. Yet I confess I also worried for the fate of the West. I was, of course, dealing with elites. CEOs of supermarket

chains, investment bankers and owners of foodservice operations and entrepreneurs of all types, but I know plenty of elites in America and Europe, and I know few as ambitious, hardworking and anxious to self-improve as those I traveled with in Hong Kong.

One analyst went to Oxford and had a successful career at a prestigious investment-banking

firm where she works lengthy days. She would stay up late to study for the U.S. certified public accounting exam, simply because it increased her knowledge and one day it might prove useful. How many Americans are signing up for that gig?

Another woman could have studied law in China but decided to travel a different road, learned perfect English, and then went to NYU law school. It wasn't just those with high-end careers either; a woman who worked for a supermarket in a middle management position explained that she worked each day until 2 a.m. but had trouble finishing all her work. The willingness to work hard, the thirst for self-improvement, it was all both inspiring and chilling.

The produce industry in the U.S. argues for immigration reform on the basis that few Americans are willing to harvest produce. Many take this to mean that Americans are only interested in higher-end jobs. But we don't know many Americans interested in working 12-hour days and then wanting to study for the CPA exam in their free time.

We don't know many supermarket employees happy to work until 2 a.m. each morning. In Hong Kong, we met wildly educated and most sophisticated people who are close enough to a world of poverty to want to make sure they stay far from it. Motivation comes from both carrots and sticks, and the sticks in China are such that you definitely do not want to fall backwards socio-economically. The Chinese system has many challenges to overcome, but the ambition and industry of the Chinese will make them very tough to beat.

**pb**

**The potential for trade with China is vast, but the path may be tumultuous and not a little treacherous.**



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## UNITED REVIEWS FSMA INITIATIVES

By Ray Gilmer,  
Vice President, Issues Management & Communication

**W**e're beginning to see just how complicated our nation's new food safety regulations could be under the Food Safety Modernization Act (FSMA). In late July, the Food and Drug Administration (FDA) released two additional proposed regulations under that law: the Foreign Supplier Verification Programs for Importers of Food for Humans and Animals, and Accreditation of Third-party Auditors. These draft rules join two previously released proposed regulations under FSMA, which address produce safety at the farm level, as well as food processing and storage facilities.

From the beginning, United Fresh has underscored the need to see all of the proposed regulations before allowing the FDA to declare them final. That's because the rules governing farms, processing, handling, storage, imported foods and third-party auditor accreditation are so interrelated — it would be counterproductive to finalize one of them without fully understanding the implications for the others.

It's a challenge for the FDA and the produce industry to anticipate how this tapestry of proposed regulations will mesh in the real world, but United's members and staff, along with representatives from allied industry organizations, are developing constructive feedback for the FDA.

Since January of this year, when the first two draft rules were released, United Fresh has conducted a deliberative review of the FDA's proposed Produce Safety and Preventive Controls rules, bringing together member company experts from each segment of the produce supply chain. United has already begun the work to apply that same process in the review of the FDA's draft rules on imports and third-party auditors to provide comments to the FDA.

United's Dr. David Gombas, senior vice president for food safety and technology, helps to lead United's FSMA review initiatives. He says he finds "no surprises" in the two new

rules, but it's important that we thoughtfully review them in a line-by-line fashion to ensure that the final regulations are workable for the produce industry.

Based on United's initial review, led by Dr. Gombas, here are just a few highlights from the proposed Imported Foods Rule:

- The rule requires all foreign suppliers to have a U.S. importer agent of record. The "importer" is defined as "the person in the U.S. who has purchased an article of food that is being offered for import into the U.S. If the article of food has not been sold to a person in the U.S. at the time of U.S. entry, the importer is the person in the U.S. to whom the article has been consigned at the time of entry. If the article of food has not been sold or consigned to a person in the U.S. at the time of U.S. entry, the importer is the U.S. agent or representative of the foreign owner or consignee at the time of entry."

- All importers must have a written Food Safety Verification Program (FSVP), prepared by a "qualified individual" (this is the same definition as in the Preventive Controls Rule).

- The FSVP must have, for each food imported, a written hazard analysis that covers biological, chemical, physical and radiological hazards reasonably likely to occur, EXCEPT that a hazard analysis for a raw agricultural commodity does not need to evaluate microbiological hazards (e.g. pathogens).

- The importer must maintain a written list of its foreign suppliers.

The importer must conduct verification activities to ensure the foreign supplier has controlled each of the hazards identified in the importer's hazard analysis; is in compliance with relevant the FDA regulations (e.g. Preventive Controls and Produce Safety Rules).

And a few highlights from the proposed Accreditation of Third-Party Auditors Rule:

- It establishes requirements for "accreditation bodies," both in organization and in how it accredits certification bodies/third-party auditors.

- "The FDA will periodically evaluate the performance of each recognized accreditation body to determine its compliance with the applicable requirements."

- Accreditation bodies can be recognized by the FDA for up to 5 years before they have to reapply.

- Accreditation bodies "must annually conduct a comprehensive assessment of the performance of each auditor/certification body it accredited" and submit that report to the FDA.

- Audit organizations can be multiple or single individuals, and can include contracted auditors ("audit agent").

- "A foreign government, agency of a foreign government, foreign cooperative, or any other third party may seek accreditation from a recognized accreditation body (or where direct accreditation is appropriate) to conduct food safety audits and to issue food and facility certifications."

- "In arranging a food safety audit with an eligible entity, an accredited auditor/certification body must ensure it has authority ... to: 1) Conduct an unannounced audit ... 2) Access any records and any area of the facility, its operations, and food of the eligible entity relevant to the scope and purpose of such audit ... 3) The FDA requires sampling and analysis, use of validated sampling or analytical methodologies and analysis by a laboratory that is accredited ... 4) Notify the FDA immediately if, at any time during a food safety audit, the accredited auditor/certification body ... "discovers a condition that could cause or contribute to a serious risk to the public health."

- "A consultative audit report must ... be made available to the FDA."

FDA has extended the comment period for the draft Preventive Controls and Produce Safety rules 60 days past the current September 16, 2013 deadline.

Questions or comments about any of the FSMA proposed rules? Contact Dr. David Gombas at United Fresh, 202-303-3400.



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## TRANSITIONS

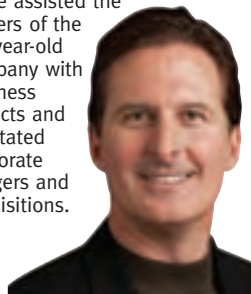


### LOBUE CITRUS LINDSAY, CA

LoBue Citrus welcomes citrus industry veteran, **Norm Gatineau** to the company as the vice president of sales and marketing. Based in Lindsay, CA, Gatineau oversees the management of the sales department, develops and manages the marketing strategy and new business in addition to working with retail and wholesale buyers on category development.

### THE UNITED STATES POTATO BOARD DENVER, CO

The United States Potato Board (USPB) names produce industry veteran, **Blair Richardson**, as president/CEO. Over the past four years, Richardson served as CEO for the combined entities of WesPak Sales, Inc., and Enns Packing, Inc., Dinuba, CA, as he assisted the owners of the 110-year-old company with business aspects and facilitated corporate mergers and acquisitions.



### MISSION PRODUCE INC. OXNARD, CA

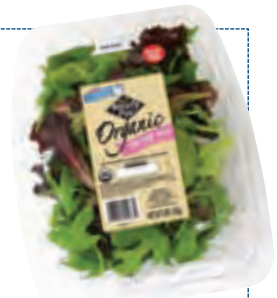
Mission Produce Inc., hires **Robb Bertels** as the new director of strategic marketing. A 25-year veteran of business-to-business communications in the produce industry, Bertels' background includes advertising communications, sales management, business development, strategic planning, marketing, content development, personnel management and P&L responsibility.



## ANNOUNCEMENTS

### WAL-MART HONORS READY PAC WITH AWARD

Walmart presents Ready Pac Foods, Inc., Irwindale, CA, with the prestigious Excellence in Sustainability award. The award recognizes both Ready Pac and Clear Lam for packaging innovations developed for the Peel and Reseal Tray used for its mixed greens clamshell containers. The trays are a consumer and environmentally friendly development, which sets a new standard for salad packaging.



## ANNOUNCEMENTS

### DUDA FARM FRESH FOODS OFFERS YEAR-ROUND MEYER LEMON PROGRAM

Duda Farm Fresh Foods, Oviedo, FL, announces that it will now offer Meyer lemons year-round in an effort to meet the growing demand. Duda Farm Fresh Foods has procured a relationship with growers in New Zealand to supplement the company's domestic crop in promotable volumes from May to September, just before the company's California product becomes available from October to March.



### SUN WORLD LAUNCHES CONSUMER-FRIENDLY MOBILE SITE

Sun World International LLC, Bakersfield, CA, launches its consumer-friendly mobile site to provide smartphone and tablet users faster and easier navigation of the company's website. Consumers can quickly scroll through product images and videos, learn about Sun World's signature products, find ways of enjoying delicious products through recipe recommendations, and directly contact the company with product feedback.



### SOUTHERN SPECIALTIES PRESENTS LEADERSHIP CLASS

Southern Specialties, Pompano Beach, FL, hosted the 2013 Southeast Produce Council's STEP-UPP leadership class with an educational presentation and tour of the company's facility. The presentation touched on growing, importing, processing and quality assurance. The class also learned about the significant role imported produce plays in the increased consumption of fresh fruits and vegetables in our nation.



### PURE FLAVOR EXPANDS ITS GREENHOUSE OPERATIONS

Pure Hot House Foods Inc., Leamington, ON, grower, Ernie Ingrassia, is expanding his operating facilities by over 50 percent in acreage to accommodate for the increased demand for Juno Bites, Luna Sweets, Romas, and tomatoes on the vine, as well as to include new types such as cluster tomatoes. The new greenhouses will feature the latest growing technology, lower input costs, and an extended growing season.



### CALIFORNIA AVOCADO COMMISSION BEEFS UP PROMOTIONS

California Avocado Commission (CAC), Irvine, CA, is promoting one regional and one national beef-themed program designed to encourage consumption of California avocados on a variety of burgers and fresh dishes with lean beef. The program advocates cross-department shopping and additional produce purchases along with California avocados and beef.



### YERECIC ANNOUNCES ENVIRONMENTAL ACHIEVEMENTS

Yerecic Label, New Kensington, PA, announces the environmental responsibility accomplishments it achieved in 2013. The company takes a proactive role minimizing its environmental footprint. By using positive ecofriendly practices, Yerecic Label helps customers improve their own sustainability goals.



### NATIONAL MANGO BOARD'S "MANGOVER" CAMPAIGN DELIVERS RESULTS

The National Mango Board's, Orlando, FL, new marketing campaign, "Mangover," delivered record-breaking results for its consumer public relations and marketing program, which reached consumers a total of 715 million times at the close of the second quarter of 2013 — significantly exceeding its second quarter goal of 689 million impressions.

Produce & Floral Watch is a regular feature of PRODUCE BUSINESS. Please send information on new products, personnel changes, industry, corporate and personal milestones and available literature, along with a color photo, slide or transparency to: Managing Editor, PRODUCE BUSINESS, P.O. Box 810425, Boca Raton, FL 33481-0425, or e-mail us at [info@producebusiness.com](mailto:info@producebusiness.com)



## ANNOUNCEMENTS

### STERMAN MASSER FORMS MASSER LOGISTIC SERVICES

Sterman Masser, Inc., Sacramento, PA, is pleased to announce the creation of Masser Logistics Services (MLS), an operating company dedicated to ensuring on-time, accurate, and efficient delivery of product to the customers of Masser Potato Farms, Keystone Potato Products, and the partners of Fresh Solutions Network, LLC.



### DNE EXPANDS ITS FLORIDA PROGRAM

DNE World Fruit LLC, Fort Pierce, FL, adds to its list of packinghouses by signing contracts with Premier Citrus Packers, LLC in Vero Beach and John Stephens, Inc. of Frostproof. Last year, Premier Citrus packed approximately 1 million cartons of Florida grapefruit, and John Stephens Company packed around 420,000 cartons of Florida citrus with a nice mix of tangerines, navels, juice oranges and grapefruit.



### PROGRESSIVE MOVES UP

Progressive Produce, Los Angeles, CA, announces that it is officially UP! A company-wide wellness program was implemented for all administrative personnel by issuing each of them the UP Band made by Jawbone. This unique wrist band measures steps, sleeping habits, and can interface with other apps. The goal is a healthier workforce by encouraging employees to get "up" and moving.



### MARKET FRESH ACQUIRES WEST CENTRAL FLORIDA PRODUCE

Market Fresh Produce, Nixa, MO, announces its acquisition of West Central Florida Produce in Tampa, FL. The acquisition was completed after the companies finalized all the business details. Upgrades began to transform the Florida operation into a state-of-the-art repacking facility.



### CONCORD FOODS PROMOTES FOOTBALL-THEMED SWEEPSTAKES

Concord Foods, Brockton, MA, is running an exciting sweepstakes promotion, running from now until November 30. The grand prize winner will receive a trip to a top college bowl game. No purchase is necessary to enter or win. Consumers can enter the sweepstakes and view official rules at Concord Foods' website.



### DOLE CELEBRATES THE OFFICIAL BANANA SPLIT BIRTHPLACE

Dole Fresh Fruit, the City of Latrobe, and Saint Vincent College teamed up to honor the iconic, triple-scoop treat, and the city where it all began, by hosting a three-day banana split celebration designed as a homecoming for banana lovers worldwide. The Great American Banana Split Celebration featured three days of ceremonies commemorating of Latrobe, PA as the official banana split birthplace.

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# Private Label Presence Expands In Produce

KELLI BECKEL, SENIOR MARKETING MANAGER, NIELSEN PERISHABLES GROUP

**P**ivate label products have played a variety of roles within fresh food categories in recent years. From a necessary recession money-saver to premium product-of-choice, the role of private label can be multi-faceted and appeal to a variety of consumers. Given its versatility, it's no surprise private label sales are on the rise.

For produce, private label offers retailers a vehicle to communicate product value that unbranded produce cannot, but at a lower price than national branded options. Recent trends show private labels' presence in produce is growing, particularly in packaged products where private label serves as the value player. In such categories, private label growth is even surpassing total category growth.

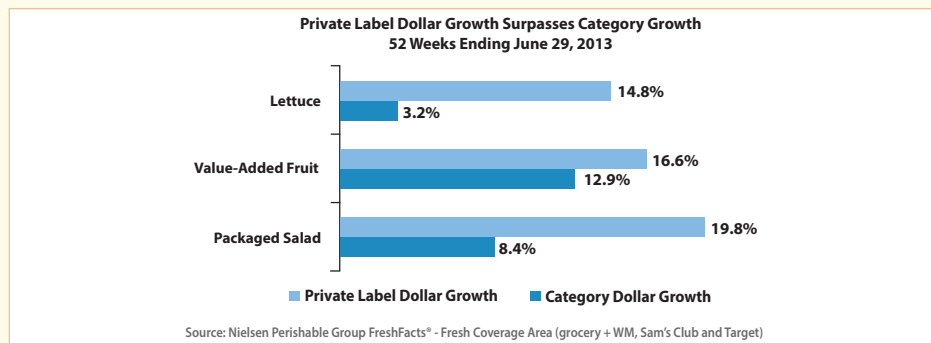
To effectively leverage private label produce, it is important for retailers to understand the context in which this growth is occurring and why it is valuable.

## A Growing Trend

The fresh departments, and especially produce, are unique because of the presence of "unbranded" products. Unbranded products bare no store or brand name, while private label items are branded with a store's own label and compete with products that are branded with supplier labels.

Examining the entire store perimeter, private label accounted for one-fifth (19.9 percent) of total perishables dollar sales nationally during the 52-week period ending June 29, 2013. Private label's contribution to total perishables sales is big and still growing, fueled by departments such as the bakery and deli (accounting for 42 and 30 percent of sales, respectively) where there are more opportunities due to the high volume of packaged products.

At the other end of the spectrum, due to the high volume of unbranded product in produce, private label accounted for just 10.9 percent of total produce department sales during the 52 weeks ending June 29, 2013. Unbranded products' dominance within Produce reflects the challenge retailers face for branding (whether through



private label or owned brands) bulk, unpackaged product. However, unbranded share in produce has been stagnant over the past two years. During the latest 52-week period, unbranded products' share of total produce decreased 2.3 percentage points.

During the past year, private label produce sales growth not only surpassed unbranded, it outpaced total produce growth (up 13.7 percent compared to produce's 7.6 percent increase). Private label also kept pace with branded growth, which was up 13 percent during this time.

Private label maintains a strong presence in staple categories including potatoes, onions, tomatoes and packaged salad. For certain heavily packaged produce categories, private label not only maintained a respectable presence, it drove growth. Celery, lettuce, packaged salad, mushrooms and value-added vegetables posted solid share gains compared to the previous year. In fact, only seven of 44 produce categories monitored decreased share of private label sales during the past year. Apples, carrots, cooking greens, pineapples, stone fruit and beverages were most notable among the seven categories.

## The Value Proposition

Packaged salad is generally a higher-priced produce item, and the category is saturated with prominent national brands, creating a scenario that is ripe with opportunity for a lower-priced option. Branded packaged salads had an average 5 percent price premium over private label during the latest 52 weeks. As the lower-priced option, private label accounted for 40 percent of

packaged salad sales (compared to the produce department average of 10.9 percent). Moreover, dollar sales of private label packaged salad increased 19.8 percent, while total category sales increased just 8.4 percent in the past year. Other high-value categories with similar sales movement included lettuce and value-added fruit, for which private label product accounted for 16.6 percent and 11.2 percent of category sales, respectively. In both cases, private label growth outpaced category growth.

Packaged salad exemplifies a category with a highly developed private label program, but opportunity for retailer branding still exists for packaged produce varieties that do not have a well established private label presence. For example, private label has a small contribution to total berry sales at less than 1 percent; however, private label sales within berries are far surpassing total berry growth. During the latest 52-week period, dollar and volume sales of private label berries increased more than 25 percent, respectively. Focusing on categories where private label is less developed but is showing growth potential, like berries, can be advantageous for retailers looking to attract the value-focused consumer.



Nielsen Perishables Group consults with clients in the fresh food space. Based in Chicago, IL, the company specializes in consumer research, advanced analytics, marketing communications, category development, supply chain management, promotional best practices and shopper insights. For more information, please visit [perishables-group.com](http://perishables-group.com).



# Risks Inherent In Private Labeled Produce

BY JIM PREVOR, EDITOR-IN-CHIEF, PRODUCE BUSINESS

**P**rivate label efforts in the fresh produce department are generally a disappointment for produce retailers. The problem is simple: for most retailers, the real motivation behind private label is margin enhancement. Incorporated in the price of national branded goods is an allotment to cover a multiplicity of costs, such as research and development as well as marketing and advertising. For most retailers, the idea with private label is to cut out those costs, give consumers a better price and keep some for enhanced margin.

It is a powerful proposition. On a category such as dry pasta, one can see dramatic differences. Professor Ed McLaughlin, Director of the Food Industry Management Program at Cornell University, did a presentation that incorporated Wegmans' private label pricing, and he reported that while Ronzoni spaghetti is sold at \$1.49 a pound, the basic Wegmans private label offering is sold for only 89 cents a pound. That is a big savings to consumers and yet, probably, provides equal or better margins for Wegmans.

Yet this very dramatic example — almost 43 percent off for private-label spaghetti — points out the limitations of private label in the produce department. Even in packaged salads (the category most similar to grocery items) there is no large expenditure on research and development or advertising and marketing that can be eliminated by moving to private label. This is why the Nielsen Perishables Group study shows that branded packaged salads had a price premium over private label of only 5 percent during the last 52 weeks.

If all a private label initiative does is offer consumers such a small savings, it is not clear how successful it can really be. Growth of private label sales in raw numbers may be strong, but mixed up in that data are many retail decisions. On some products, say a coleslaw mix, a retailer may eliminate the branded option all together and just sell its private label SKU. In other

cases, the retailer may sell both, but the addition of a private label program can reduce facings given to branded product, reduce the frequency with which branded product is sampled or on ad. In other words, many things other than consumer preference for branded versus private label can be reflected in statistics indicating that private label is increasing.

While financial liability can be limited by contract and with proper insurance, for the retailer a decision to private-label its products — especially those with higher food safety risks such as bagged salads — holds out the potential for severe reputational damage. It is bad enough for a retailer to be cited in local news reports for selling product that caused severe illness or even death; it is another thing entirely for the retailer's own name to be implicated on a product that caused illness or death. We suspect this alone would lead many retailers to say it is not worth it to use a private label on these products in order to offer consumers a few percentage-points discount or pick up a little margin. After all, how much can be lost in just one food safety incident? This is the reason why Paul Newman pulled his salad line when he realized what his name could wind up being associated with.

Of course, today private label offerings are often about more than discounts. In fact, Professor McLaughlin's report indicated that the same Wegmans that sells the inexpensive private label spaghetti also offers an "Italian Classics" private label that is 30 cents more per pound than Ronzoni. There also is a Wegmans "Super Pasta" that is \$1.99 for the package and, because they cut the weight of the package to a little more than 14 ounces, it is actually \$2.20 a pound!

So sometimes, private label can be used to sell premium products. Yet it is not obvious how applicable this approach is to fresh produce. Costco is famous for selling excellent product under its Kirkland brand. We have been told that Costco sells better packaged tuna than any branded supplier

**Many things other than consumer preference for branded versus private label can be reflected in statistics indicating that private label is increasing.**

but it is, once again, not obvious how to apply this to packaged salads and certainly not to, say, apples.

Trader Joe's is famous for using private label on proprietary products such as sauces to differentiate itself. This is a powerful strategy but, once again, it is difficult to know how to do this with a banana. Even a salad mix is hard to do in such a dramatically different way that establishes totally different flavor profiles to drive consumer preference.

This leaves most produce private-label efforts as legacies of broader corporate branding strategies. In other words, retailers offer private label produce to have the same brand in every department. This is a rather backwards approach, however. The world has changed since gourmet meant little jars and bottles from Europe. Today "fresh" is the new upscale, so produce-centric branding could be the key to the halo effect for the whole supermarket. For the moment, though, supermarket CEOs seem focused on margin-enhancement, so private label in produce will be a source of endless disappointment.

**pb**

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### 38TH ANNUAL JOINT TOMATO CONFERENCE

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& Florida Tomato Exchange, Maitland, FL  
Phone: (407) 660-1949 • Fax: (407) 660-1656  
E-mail: [diana@floridatomatoes.org](mailto:diana@floridatomatoes.org)  
Website: [floridatomatoes.org](http://floridatomatoes.org)

## SEPTEMBER 17 - 18, 2013

### EPC & NEPC ALLIANCE EVENT

Conference Venue: Marriott Mystic Hotel & Spa,  
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Conference Management: Eastern Produce Council  
and New England Produce Council, Inc.  
Phone: (781) 273-0444  
E-mail: [info@easternproducecouncil.com](mailto:info@easternproducecouncil.com)  
Website: [easternproducecouncil.com](http://easternproducecouncil.com)

## SEPTEMBER 19, 2013

### PRODUCE TRACEABILITY WORKSHOP

Conference Venue: Double Tree by Hilton Miami  
Airport Convention Center, Miami, FL  
Conference Management: Peruvian Asparagus  
Importers Association  
Phone: (817) 793-3133  
E-mail: [prestige@1scom.net](mailto:prestige@1scom.net)

## SEPTEMBER 22 - 25, 2013

### FFVA CONVENTION 2013

Conference Venue: Ritz-Carlton, Amelia Island, FL  
Conference Management: Florida Fruit & Vegetable  
Association, Maitland, FL  
Phone: (321) 214-5200 • Fax: (321) 214-0210  
E-mail: [martha.tucker@ffva.com](mailto:martha.tucker@ffva.com)  
Website: [ffva.com](http://ffva.com)

## SEPTEMBER 22 - 24, 2013

### FLORIDA RESTAURANT & LODGING SHOW

Conference Venue: Orange County Convention Center,  
Orlando, FL  
Conference Management: Reed Exhibitions,  
Norwalk, CT  
Phone: (203) 840-5311  
E-mail: [mweiner@reedexpo.com](mailto:mweiner@reedexpo.com)  
Website: [flrestaurantandlodgingshow.com](http://flrestaurantandlodgingshow.com)

## SEPTEMBER 26 - 28, 2013

### SPC ANNUAL FALL CONFERENCE

Conference Venue: Marriott Resort & Spa at Grande  
Dunes, Myrtle Beach, SC  
Conference Management: Southeast Produce Council,  
Inc., East Ellijay, GA  
Phone: (813) 633-5556 • Fax: (813) 653-4479  
E-mail: [info@seproducecouncil.com](mailto:info@seproducecouncil.com)  
Website: [seproducecouncil.com](http://seproducecouncil.com)

## SEPTEMBER 30 - OCTOBER 2, 2013

### 2013 WASHINGTON PUBLIC POLICY CONFERENCE

Conference Venue: Hyatt Regency Capital Hill,  
Washington, DC  
Conference Management: United Fresh Produce  
Association, Washington, D.C.  
Phone: (202) 303-3400 • Fax: (202) 303-3433  
E-mail: [united@unitedfresh.org](mailto:united@unitedfresh.org)  
Website: [unitedfresh.org](http://unitedfresh.org)

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Conference Management: Koelnmesse GmbH,  
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E-mail: [a.krause@koelnmesse.de](mailto:a.krause@koelnmesse.de)  
Website: [anuga.com](http://anuga.com)

## OCTOBER 12 - 15, 2013

### NACS SHOW 2013

Conference Venue: Georgia World Congress Center,  
Atlanta, GA  
Conference Management: National Association of  
Convenience Stores, Alexandria, VA  
Phone: (703) 684-3600 • Fax: (703) 836-4564  
E-mail: [epressley@nacsonline.com](mailto:epressley@nacsonline.com)  
Website: [nacsshow.com](http://nacsshow.com)

## OCTOBER 18 - 20, 2013

### PMA FRESH SUMMIT CONVENTION & EXPO

Conference Venue: Ernest N. Morial Convention Center,  
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Conference Management: Produce Marketing  
Association, Newark, DE  
Phone: (302) 738-7100 • Fax: (302) 731-2409  
E-mail: [jmickel@pma.com](mailto:jmickel@pma.com)  
Website: [freshsummit.com](http://freshsummit.com)

## OCTOBER 28 - 29, 2013

### THE 17TH AMERICAS FOOD AND BEVERAGE SHOW AND CONFERENCE

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Miami Beach, FL  
Conference Management: World Trade Center Miami,  
Miami, FL  
Phone: (703) 259-6120 • Fax: (703) 934-4899  
E-mail: [afb@naylor.com](mailto:afb@naylor.com)  
Website: [americasfoodandbeverage.com](http://americasfoodandbeverage.com)

## NOVEMBER 7 - 9, 2013

### 45TH NOGALES PRODUCE CONVENTION AND GOLF TOURNAMENT

Conference Venue: Rio Rico Resort & Tubac Golf Resort,  
Rio Rico, AZ  
Conference Management: Fresh Produce Association  
of the America, Nogales, AZ  
Phone: (520) 287-2707 • Fax: (520) 287-2948  
E-mail: [aadams@freshfrommexico.com](mailto:aadams@freshfrommexico.com)  
Website: [freshfrommexico.com](http://freshfrommexico.com)

## NOVEMBER 10 - 13, 2013

### WESTERN GROWERS ANNUAL MEETING 2013

Conference Venue: Sheraton Resort, Waikiki, HAWAII  
Conference Management: Western Growers  
Association, Newport Beach, CA  
Phone: (949) 863-1000 • Fax: (949) 863-9028  
E-mail: [info@wga.com](mailto:info@wga.com)  
Website: [wganannualmeeting.com](http://wganannualmeeting.com)

## DECEMBER 10 - 12, 2013

### NEW YORK PRODUCE SHOW AND CONFERENCE

Conference Venue: Pier 94, New York, NY  
Conference Management: PRODUCE BUSINESS,  
Boca Raton, FL  
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E-mail: [info@nyproduceshow.com](mailto:info@nyproduceshow.com)  
Website: [nyproduceshow.com](http://nyproduceshow.com)

## JANUARY 8 - 10, 2014

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Conference Management: National Potato Council,  
Washington D.C.  
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E-mail: [hollie@nationalpotatocouncil.com](mailto:hollie@nationalpotatocouncil.com)  
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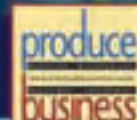




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# Will All Efforts To Boost Produce Consumption Wind Up Being Co-Opted By Other Interests?

FROM JIM PREVOR'S PERISHABLE PUNDIT 07.26.2013

**F**reshfel, the European Fresh Produce Association based in Brussels, Belgium, was concerned about proposals to integrate produce with other agricultural products, such as milk, in school programs, so it issued a statement:

## **FRESHFEL QUESTIONS APPROPRIATENESS AND TIMING OF THE 'CAP' SCHOOL SCHEMES CONSULTATION**

Freshfel Europe sent a letter to Commissioner for Agriculture, Dacian Ciolos, questioning the appropriateness and the timing for the Commission consultation on the Common Agriculture Policy (CAP) schemes providing agricultural products to school children. The association expresses serious concerns in regard to the policy options envisaged in the consultation, which it finds would be extremely detrimental for the School Fruit Scheme (SFS).

Freshfel Europe . . . has addressed its letter on CAP schemes for milk and fruit distribution in schools which outlines several options now open for debate.

The letter also highlights the specificity of the products and the logistics of the two schemes, which widely differ and for which a merger would be to the detriment of the need for frequent distribution of perishable products. The letter further observes that while all the objectives mentioned in the consultation paper are laudable objectives, they should not be part of a school program, and can be reached through other CAP instruments.

Philippe Binard, General Delegate of Freshfel, stated: "In a time of budgetary constraints, it is important to have well-structured, well-funded and efficient policies, and we urge the Commission to first further improve the SFS without jeopardizing its achievements so far." He concluded: "When launched, the SFS was built on the basis of increasing fruit and vegetables consumption together with a clear health objective. Its merits are more than ever valid today and should not be undermined!"

A ringing statement to be sure! The issue of how best to increase produce consumption among school children is a transatlantic concern, as is the public policy question of how such programs should be funded and organized, so we asked Pundit Investigator and Special Projects Editor Mira Slott to contact Philippe Binard and find out more:

**Q:** Why is Freshfel Europe expressing serious concerns to the Commissioner for Agriculture regarding policy change considerations to the European Commission's CAP (Common Agriculture Policy) schemes providing agriculture products to school children?

**A:** *Insight on this problem involves a little open-ended politics. Not focusing on European Union "inside politics," the European Commission is looking for a number of options for maybe improving the functioning of schemes under the Common Agriculture Policy targeting children. The main trouble is that these latest proposed changes are misdirected and will undermine the school fruit scheme.*

**Q:** What sparked the proposed changes, and why do you view them as detrimental?

**A:** *For the time being, the scheme on milk has been there many*

*years and seems not to be working satisfactorily from a good management principle. It has been criticized by audits. We have a relatively young system with our School Fruit Scheme, now three years in its infancy. The European Commission is looking at whether the school fruit scheme . . . should be merged with other agriculture products; that there could be a benefit of extending the school scheme to a broader range of products.*

*This is where we came in arguing with the Commission that this is not a bright idea. The background or the specifications of how and why the existing schemes came about are quite different. The main reason for the fruit scheme and why the background is important is the need to educate children on fruits and vegetables because they are good for health. If you look at the main reason for the milk scheme, it was introduced because there was too much milk product in the EU, so it was a way to get rid of the excess.*

*When you have public money, it's important to know how to monitor the program and see the benefit of the program, and a broader scheme defeats the ability to do that if you add milk, grain or cereal or meat product in the scheme. There are even talks about adding flowers.*

**Q:** This sounds like a way to divert focus from the initial objective.

**A:** *If you have such a broad scheme, it helps shorten the supply chain and eliminate food waste, but the Commissioner is mixing issues. We need a clear objective. If we dilute the program, it defeats the purpose of what we argued to the EU as the impetus for the school fruit scheme — the stagnation of produce consumption — and it will be very difficult to monitor.*

**Q:** Weren't there other developments underway for the School Fruit Scheme more to your liking? What happened to the proposed increased funding that had been gaining ground?

**A:** *For the time being, there are proposals already on the table in the current reform of EU policy to improve the fruit scheme. We should give those a chance first and take the steps to improve the scheme by raising financial support. Now, when you participate in the scheme, the EU is supporting 50 percent of the product. There is a financial proposal to raise the EU contribution to 75 percent.*

*Another element of the proposal is to have the EU co-finance the accompanying promotion measure that needs to be taken in any school scheme. If you don't have activity to educate the children, the scheme won't be effective. This is something that had to be financed by each of the countries. This could help to convince more countries to jump into the system. So instead of looking to merge milk and vegetables or extend the scheme to other products, we say first do the financial proposal already on the table rather than launching a new broader scheme.*

**Q:** What is the current status? Is the proposed budget increase for the school scheme likely to pass? Has that been tempered by larger fiscal concerns and the market's economic volatility?

**A:** *It's on the table now almost 18 months because it has a budget. Just like you have the fiscal cliff in the U.S., we have something similar in the EU. There are major discrepancies between the Commission's proposal for the whole budget and what member states are willing to accept. The member states are reducing budgets.*





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Our budget line for the school scheme is 90 million Euros for the time being, and with the proposal to change it to 150 million Euros, that budget line for 2014 to 2020 has not been affected. However, as long as there is no final deal with the budget, the approval for the school scheme is dependent on that.

**Q:** What happens if the broader scheme to merge milk and other agriculture products goes forward?

**A:** The matter is not over for the broader

scheme. We'll see what the main message of the Commission will come out of the consultations in progress. We have strong support, yet we cannot rest on our laurels. We must remain vigilant.

.....

One could argue that there are legitimate concerns over logistics efficiency and program monitoring efficiency, which could be

addressed by this kind of proposal to broaden the scope of the program from just produce to all kinds of items.

Mostly, though, it sounds like an effort by other agricultural interests to hop on what they perceive as a gravy train and, to mix metaphors a bit, grab their piece of the pie.

This is, of course, the key problem with any large-scale government program. For some reason, people who assume that the individuals in business are always selfish somehow assume that the individuals who work in government are unfailingly selfless. One of those key reasons is that whatever the noble intentions of a program at its start, concentrated interests will tend to bend the program to their own interests.

These interests change the incentives for individual politicians and bureaucrats and thus the government bends in their direction. Voters typically have little knowledge of these programs and are little impacted by the small per person cost. So, as Theodore Lowi explained in writing of the *Iron Triangle* the programs proceed to benefit the interest groups, not the general public.

The organic community is starting to feel this, as large food companies are now getting interested in organics and will push to have rules bent to fit their interests. Since the produce industry is not the most powerful interest, it stands a good shot of seeing its programs, if they obtain enough scale, being distorted.

So a program focused on making children healthy by changing their dietary patterns may soon be giving out cheese and flowers, etc. Thus, the earnest pleas from our European friends for program purity and focus.

One caution we would add is that there is a tremendous risk when the industry supports programs that are not of a sufficient scale to make a difference. Yes, we know that many times one takes what one can get and then hopes to build. But if giving out one piece of fruit a day doesn't change consumption or health metrics in a verifiable way, the industry itself runs the risk of being perceived as just another special interest group.

It is difficult to do politically sometimes, but we would be better off doing an effective program, as a pilot study, on 10 percent as many students, than ineffectively giving fruit to ten times that number. This is because an effective study would provide the intellectual ammunition to call for substantial additional funding. Failure to prove effectiveness makes the whole future of the program a matter of politics.

Many thanks to Philippe Binard for helping us to think about such issues.







PHOTO COURTESY OF BRISTOL FARMS

# Bristol Farms

With an emphasis on Fresh, uniqueness and local, this California retailer has the right formula for distribution within hours to cater to its high-end customer base. **BY OSCAR KATOV**

California is one of the most fiercely competitive arenas for consumers' food dollars. Joining the game, with strong competition, is a chic independent retailer specializing in exclusive fresh foods to confidently attract sophisticated customers.

Kevin Davis is an astute veteran of the retail food industry and currently is chairman of the board for the California Grocers Association as well as president and CEO of Bristol Farms, headquartered in Carson, CA. He shares that his management team learned to better identify specialty products and ultra high-end products than large-store and national competitors. "We are able to more effectively serve our wealthy customer base in Newport Beach, Manhattan Beach, Beverly Hills, and Redonda Beach," he says, jokingly saying that if a location has either the word "beach" or "hills" in it, then there is also a Bristol Farms store nearby.

"In the areas covered by our 18 stores, we have positioned our consumer strategy to serve the top 20 percent (in terms of income and education) of the marketplace — that's our focus," says Davis. "Because of that reasoning, we don't try to be everything to everybody. Our emphasis is on Fresh, the unique, and the local so that it is universal in our system — in every department and in every category. Almost 70 percent of our total sales are related to the two key fresh categories — Produce and Meats. I think that in a traditional grocery store, you will find 70 percent of its sales in non-Fresh categories."

"Who we are today reflects how the business started," says Davis, recounting that the two founders, Irv Gronskey and Mike Burbank,

joined a sophisticated butcher shop with a farm for fresh produce. Gronskey lived on Bristol Street in Beverly Hills, and Burbank lived on a horse ranch in Rolling Hills Estates, which was the closest place to Los Angeles where horses were permitted. When you put these parts together, we have the 'British feeling' from the word Bristol linked with the 'down-home-feeling' from the word Farms and a charming



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**"I think we need to develop a constant rapport in our stores. When customers ask our staff, 'What's the best cut of this? What's the best peach now? Tell me about this product,' we go out of our way to deliver that product."**

— Kevin Davis, Bristol Farms

concept attached to both. Davis feels that the *Los Angeles Times* readers best define Bristol Farms' wealthy and educated customers. "We use the paper, and other papers alike, for timely inserts," says Davis.

## DAILY DISTRIBUTION

Bristol's daily challenge in servicing 18 stores, including one in San Francisco, relates directly to the company's 50,000 square foot distribution center, which is a part of the corporate complex in Carson. The distribution center also houses a central kitchen with a wide range of capabilities, providing the stores with everything from organic breads to 80 different soups.

"Historically, grocers have tried to provide what customers want. I think we need to develop a constant rapport in our stores. When customers ask our staff, 'What's the best cut of this? What's the best peach now? Tell me about this product,' we go out of our way to deliver that product. Now we have a customer who trusts us, and who asks, 'What's better for my family?'"

"Bristol's distribution system is predicated on the needs of the stores, not the other way around," explains Davis. "Oftentimes big companies that deliver standard pack groceries will tell a store how many deliveries it needs. That store then needs to live off that delivery for the week." In regards to his thoughts on deliveries from local farmers, Davis says, "Believe it or not, in Southern California, where there are 25 million people, we have lots of purveyors just an hour or two away."

"In our produce department, the store doesn't order until the afternoon for what it

will receive the next day," explains Davis. "Although the DC is only 50,000 square feet, we can efficiently distribute 100 percent of our produce to the stores. In fact, we can deliver daily to two-thirds, or more, of our stores in 24 hours. Our goal is to deliver produce that's fresh, picked on the tree, and as ripe as possible — that way we can offer a different taste experience. We don't buy green tomatoes and throw them in the ripening room to open them up to become red. We buy red tomatoes ready to eat. We know they have a short window, but that's the qualitative difference that drives our margins, our higher retails, and a product's superior quality."

## LAZY ACRES ORGANICS

Two stores are committed to organic products, and they are identified with Lazy Acres banners. "In Bristol Farms stores we go for quality and taste first, and at Lazy Acres we go for natural and organic first, but there is some overlap," Davis explains. "For example, in Produce, there may be 160 organic items at Lazy Acres, and 110 or 120 at Bristol at the same time. We learned to modify the same product to serve customers with different tastes or dietary appeals — such as modifying sushi. We do this by offering natural brown rice in addition to the traditional white rice. We'll also include some more vegetable-type items that might not be traditional items from Japan, but they were modified to accommodate customer dietary preferences for vegans or natural food customers at Lazy Acres."

In addition to sourcing specific produce items for each store's particular clientele, Bristol utilizes a variety of marketing tactics to notify its customer base about what's new at the stores and what to look for during their next shopping experience.

"We have a digital marketing person in the advertising department, and her sole job is social media and digital-based media, such as sending e-mail blasts to our opt-in subscribers," says Davis. "For example, we just executed a promotion through e-mail offering a peach pie. We redeemed more coupons the first day than we have done in one week with a different coupon. That e-mail also went to customers on Facebook and Twitter and we track it all. I wouldn't say e-blasts are strong enough yet to replace traditional media, but it's rapidly growing, and the concept is really clear."

**pb**

*Editor's Note: We thank the Food Marketing Institute for its recommendation of independent members who are recognized for their outstanding produce operations in this series of PB articles.*



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# The 'Why' Behind The Green Buy

## UNDERSTANDING CONSUMER MOTIVATIONS IN SUSTAINABLE PURCHASES



How companies can bridge the gap between sustainability aspirations and purchasing behavior.

BY DAVID WRIGHT, SENIOR  
MANAGER, MARKETING AT  
THE HARTMAN GROUP

It seems everywhere you look today, sustainability has worked its way into the fabric of consumer culture. Whether it is manufacturers marketing products with sustainable attributes, including eco-friendly and organic produce, or retailers showcasing their latest efforts to reduce energy, water or waste, the world of sustainability and corporate social responsibility (CSR) continues to grow in depth and scope.

Consumers haven't been immune to such marketing, or to headlines declaring global warming, oil spills, foreign labor scandals, or animal welfare issues. At The Hartman Group, over the course of our 25-year immersive journey tracking consumer aspirations and behaviors to incorporate sustainability beliefs and practices into their lifestyles, we've witnessed consumers voicing their own responsibilities as "agents of change" at household, community, and global levels.

Yet today, our most recent research finds that the gap is widening between familiarity with sustainability and the ability to name specific sustainable

products or companies. Understanding this gap goes a long way toward explaining why, often times, consumers don't buy the sustainable products they claim they are interested in.

In today's World of Sustainability, there is a widening chasm between what consumers say they want and what they actually buy. On the one hand, consumers say they want to be eco-friendly and they want companies to behave sustainably. On the other hand, when companies do take action, consumers don't always give them the credit they might expect. There is an underlying psychology behind why consumers don't always prioritize sustainability in their purchase behavior.

The Hartman Group's *Sustainability 2013: When Personal Aspiration and Behavior Diverge* report shows how the consumer definition of sustainability has broadened:

- The number of consumers reporting they are familiar with the term sustainability has grown from 69 percent in 2010 to 74 percent today.
- The number of consumers stating they can identify a sustainable product has also grown,



from 21 percent to 23 percent, but at a smaller rate — meaning the gap actually increased since 2010.

The research uncovered the fact that how consumers think about product categories are more relevant to “the gap” than how they think about companies.

## Examining The Consumer Side Of The Sustainable Product Purchase Gap

In 2013, eight in 10 Americans (84 percent) say they consider sustainability when making purchase decisions, and thus, reside within the World of Sustainability, a proprietary model created by The Hartman Group to help explain consumer motivations and behaviors around sustainability.

Consumers’ orientation in the World of Sustainability ranges from Periphery (mainly only minimal, infrequent and less intense involvement) to Core (most intensely involved).

The World of Sustainability comprises four zones of responsibility: Personal, Social, Environmental, and Economic. Each zone is composed of various considerations, which we refer to as “Dimensions of Responsibility.” These Dimensions of Responsibility are culturally relevant criteria that consumers use to assess how economically, environmentally, or socially responsible a company’s practices, brands, products or services are, and the degree to which they benefit the consumer personally.

Personal Benefit is a unique consumer-oriented zone that explains how consumers view sustainability, along with conventional zones that include environmental, social, and economic constructs. In order for consumers to see meaning in sustainability, they must see some degree of personal benefit, regardless of their orientation in the World of Sustainability.

According to The Hartman Group’s *Marketing Sustainability 2010* report, consumers understand sustainability in terms of companies and brands “doing the right thing” and “being responsible.” Consumers were looking for companies that:

- They can depend on to keep their environment clean and healthy
- Are not aloof, but participate in local activities and the social well-being of the community

- Contribute to the economic viability of the community
- Are sincerely interested in their personal well being

Today, while these concepts continue to resonate with consumers, understanding consumer priorities at the product category level provides greater insight into why consumers often fail to “walk the green talk.”

At the category level, consumers speak to the sustainability values that actually guide their purchase decisions; they tend to evaluate companies from a more general perspective, one that originates in the media and social discourse.

The values that guide purchase decisions vary by category. In produce, for example, Dimensions of Responsibility relating to natural agriculture and supporting the local economy are most salient to consumers. (Figure 1)

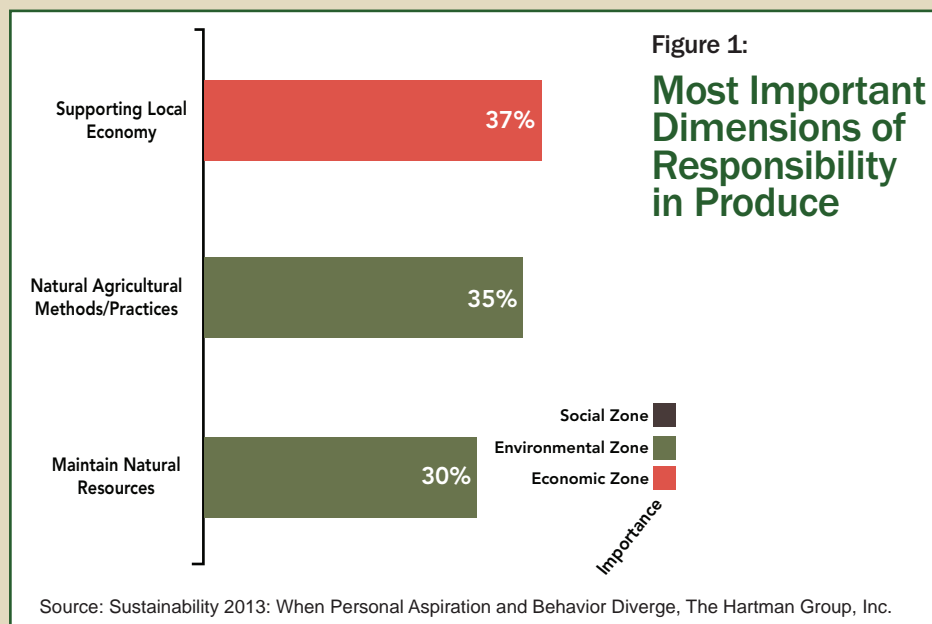
a good value.

## What Does This Research Mean?

Sustainability remains an unwieldy and emerging platform for both companies and consumers to engage upon. Companies can bridge “the gap” by addressing barriers of knowledge, practicality, and faith. If sustainability is to be a centerpiece of your brand identity, make the most of it by positioning your activities in a way that resonates with consumers. Bridge “the gap” between aspirations and behavior for consumers by addressing these barriers:

**Knowledge.** Explain your actions, position and priorities so that consumers understand why sustainability matters to you; don’t preach, teach or admonish.

**Practicality.** Consumers are pragmatists and need a reason to believe; don’t make sustainability a tradeoff problem for



From the consumer perspective, the most important dimensions of responsibility in the produce category relate to environmental and economic zones — in particular, natural agricultural methods and support of local economies. While the fourth zone, personal benefit, is not shown here, it is almost always the most important zone for consumer products. With regard to personal benefit, as they shop, consumers are looking for produce that looks bright, feels firm, smells fresh and

consumers.

**Faith.** Provide evidence that choosing your company/product will have an impact; don’t put the responsibility on the consumer for making a difference.

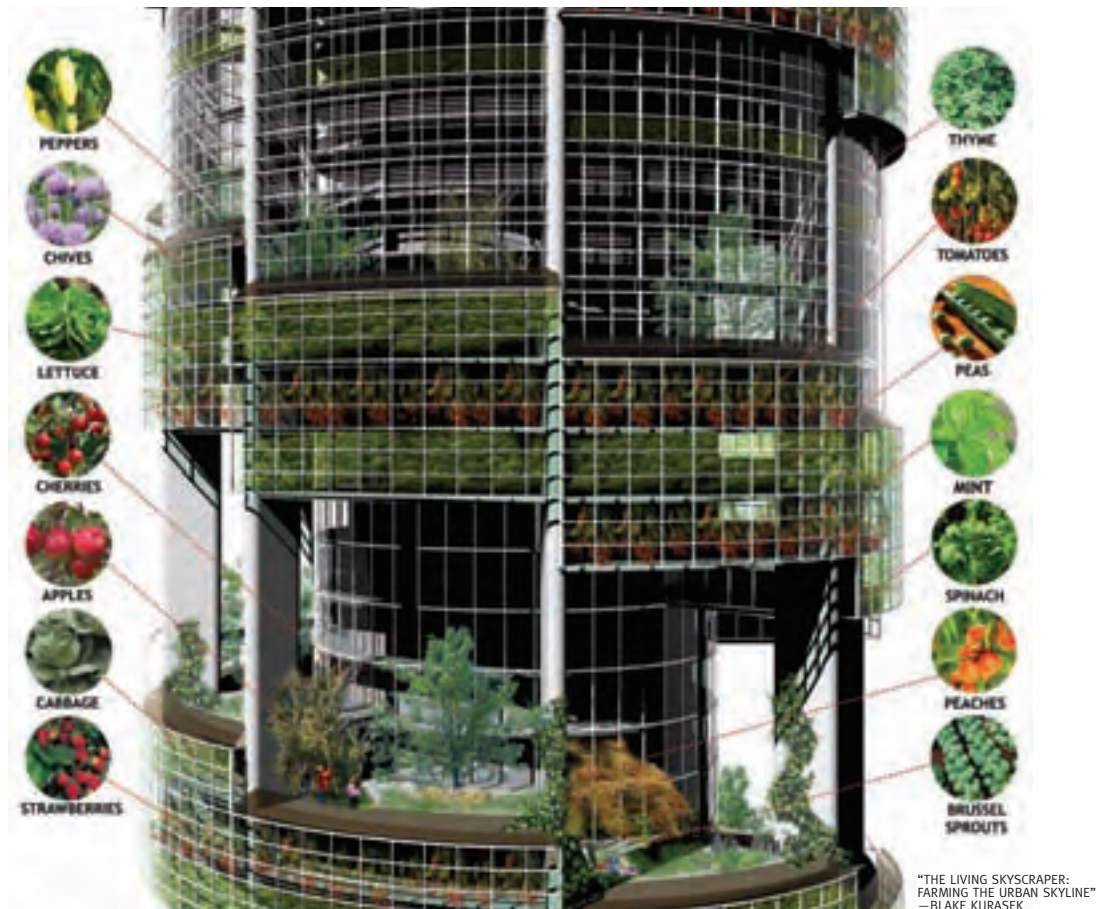
Recognizing and addressing these barriers and understanding what consumers ultimately value at the category level will help companies reach those 84 percent of consumers who consider sustainability when making purchase decisions.

### About The Hartman Group:

*The Hartman Group is the principal provider of global research on consumer culture, behaviors and demand, and a leading advisor to the world’s best known brands on market strategy. Through a unique suite of integrated custom, primary research capabilities, market analytics, and business strategy services, The Hartman Group uncovers growth opportunities for clients across the consumer-driven marketplace. The Hartman Group is internationally recognized for breakthrough perspectives on emerging trends and evolving consumer behaviors in health and wellness, sustainability, and food culture. For more information, please visit [hartman-group.com](http://hartman-group.com).*

# THE STATE OF SUSTAINABILITY In The Produce Industry

By Jim Prevor, Editor-in-Chief



## Is this the **FUTURE** of produce production?

**T**he issue of sustainability has acquired some odd flavors over the years. Most notably, sustainability has come to be seen as a set of demands that retailers dictate to the supply chain.

This is both odd and dangerous. It is odd because producers and other vendors have every incentive to find efficiencies and sustainable ways of doing things. It is dangerous because retail dictates tend to paint with a broad brush, and the imposition of supply chain standards is likely to create its own waste.

If a retailer, out of concern for water conservation, decides to impose water usage standards, such standards typically hit both the grower operating in a parched area where water is scarce and the grower on the edge of a bluff in which a rolling river falls to the sea. In such situations, the retailer's dictated sustainability standards may indeed allow the retailer to bask in the glory of statistics that show its policies have reduced supply chain consumption of water, carbon or whatnot, but the capital invested to achieve such reductions is lost in the calculations. In reality, our farming operator on the bluff invests good money to achieve no purpose at all, and that is the least sustainable of all options.

Sustainability itself has been tortured by retail policies that deny

its very essence. Intrinsic in the argument for sustainability is that there are three forces at play: the economic, the environmental and social — the famous "triple bottom line" of people, profits and planet. Yet the retail focus on sustainability has almost completely negated the whole issue of social or people.

Few retailers have wanted to touch issues related to their own staffing and pay practices as part of a sustainable approach. They pay lip service to the environment — so called "green washing" — but it is hard to identify a single initiative undertaken by a publicly held retailer in which it chose to do something for the environment at the cost of its own profits.

So what was once a hearkening to a new way of thinking about business and life — a vision of the world reordered around sustainability priorities — has, in fact, simply become a quest for efficiency, and with much of that efficiency expected to be gained,

**In the long run, sustainability may turn out to be a win for producers, because regardless of dictates from retailers or government, only profitable operations can be sustained. Vertical farm initiatives and proprietary produce varieties may lead to major power shifts in the industry.**





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not at retail itself, but in the supply chain. The liberating spirit of sustainability has come to be felt like a boot on the back of suppliers — especially production agriculture — compelled to invest without the promise of profitable return or the assurance to maintain business with the retailer.

### Resources Misallocated

Much of the publicity garnered by retailers on sustainability over the past few years has been something of a sham. Those retailers

located in high electric-rate states, which also tend to be states that offer the largest subsidies for alternative energy, could send out press releases celebrating their solar panels, wind mills and fuel cells. Each installation of which represented a non-sustainable waste of capital and a horrible drain on the public purse, as grants and tax credits reduced public revenues so elites could celebrate feeling “green,” while poor children were stuck in over-crowded classrooms because money was not avail-

able to hire more teachers.

Standards intended to benchmark sustainability such as LEED (Leadership in Energy & Environmental Design) have turned out to be wasteful in and of themselves. Want to “up” your LEED status? Build showers in your new supermarket so workers can cycle to work and shower up. Yet whether any workers ever use that shower is irrelevant to the calculations, so once again, precious capital — the scarcest resource of them all — is spent in a misguided effort to not achieve sustainability but to pay homage to credentials that allow one to claim to have made progress on sustainability. Yet it is a pernicious and evil tendency that plays to the vanity of certain social classes while impoverishing us all.

Indeed the whole drive for energy efficiency may yet have turned out to be imprudent. Normally decisions about conservation are made based on price signals from the market, so sustained high prices for energy lead millions of market participants to take all kinds of actions. For example, individuals may buy more fuel-efficient cars, car pool or decide to live closer to work.

Businesses evaluate suppliers on delivered costs, which include transportation costs. When the government intervenes to encourage specific technologies — say ethanol or electric cars — it goes beyond those price signals to alter the market. The idea, of course, is to spur innovation with the hope that by creating incentives in specific markets, R&D funds will flow, and what was previously not viable will become viable.

Our experience, however, shows that government intervention is misguided. Perhaps subsidies for research might make sense, but subsidies for inefficient technologies just become sops for money. Germany is the world's largest solar market as measured by installed capacity, primarily due to enormous subsidies given to those who produce solar energy. Most notably, these are high “feed-in tariffs,” which are subsidies that utilities are forced to pay to buy solar power that others produce and pump into the grid.

The cost of the subsidies and the higher power costs in Germany these subsidies necessitated have caused a revolt, and after imposing billions in cost for no known benefit, the government is trying desperately to unwind these massive subsidies.

And this is all before the full implications of improved oil and gas extraction technologies, everything from surface mining and *in-situ* production from bituminous sands,

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**THE LIBERATING SPIRIT OF SUSTAINABILITY has come to be felt like a boot on the back of suppliers and, especially, production agriculture, compelled to invest without the promise of profitable return or the assurance to maintain business with the retailer.**

such as the Alberta tar sands, to hydraulic fracturing are realized. After years of decline, U.S. oil production has risen to levels not seen since 1989, thanks particularly to the Eagle Ford Shale range in Texas, which now produces more oil than Iran. The Bakken Shale range in North Dakota also has created an unprecedented boom for that state.

During the last week in May 2013, the United States produced more oil than it consumed for the first time since February 1995. Imports of crude oil into the U.S. are expected to be down to 5.4 million barrels a day next year; in 2005, imports were at 12.5 million barrels a day. Indeed the hottest energy question today is whether to allow the export of U.S. liquefied natural gas.

The production released by fracking has lowered the cost of natural gas in the U.S. more than 75 percent from its relatively recent highs. Natural gas with the same energy content as a barrel of oil sells for around \$18. And the world is just starting to respond. In May of this year, the United Kingdom dropped its ban on fracking to allow companies to explore for shale gas reserves.

Of course, this dramatic change in the energy landscape means that all these efforts to force investment into so called "sustainable" sources (such as wind and solar) may not have been sustainable at all. Indeed the implications are that these efforts to promote favored sources of energy may have caused colossal misallocation of resources in a most unsustainable way.

### **Carbon Footprint Expands Despite Best Intentions**

On the consumer level, the blossoming of the sustainability movement in produce has been in the form of the "local" explosion — yet even here both the reality and the prospect are uncertain.

There certainly has been a boom in the marketing of local product and a rise of an almost parallel industry in which buying produce is treated as a kind of entertainment. Farmer's Markets, CSA's (Community Supported Agriculture) and whatnot have exploded, yet the impact on either retail sales or consumption has been virtually undetectable. This leads to the assumption that though people may enjoy the day visit to a farmer's market or the psychic pleasure of supporting a farmer with a commitment to a CSA, the purchase of an unusual heirloom tomato or the delivery of three pounds of rhubarb does not actually change consumption or procurement practices very much.

Though there has certainly been a concerted effort to cultivate sustainable produce farming outside of California, the consequences are still not that substantial

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— leading to a sense that much of the “local” explosion is marketing. The National Agricultural Statistics Service is filled with a wealth of information. It shows that peaches (a product on which much local attention has focused for years and where many believe local producers are believed to have an edge in flavor) still finds California accounts for 74 percent of all U.S. peach production — accounting for 97 percent of processing peaches and 51 percent of fresh market U.S. production.

In contrast, California accounted for 48 percent of U.S. fresh peach production in 2004. So after almost a decade of “buy local” promotion, fresh market peach production is more concentrated in California than previously.

Indeed, for all the local marketing efforts, the continuous trend for U.S. produce consumption has been for “food miles” to actually increase, as imports continue to expand as a percentage of U.S. produce consumption. The FDA claims that nearly two-thirds of the fruits and vegetables consumed in the U.S. are imported. Of course, that number includes all fruits and vegetables, whether canned, frozen or fresh,

and imports of fresh-market produce account for a smaller, though still substantial, portion of consumption.

Sophia Wu Huang, Kuo S. Huang and Hodan Farah Wells of the Economic Research Service of the U.S. Department of Agriculture report that “54.3 percent of fresh fruits and 25.2 percent of fresh vegetables in the U.S. produce market came from imports during 1999-2010.” Imports are only likely to grow with shortages of land, water and labor restricting the growth of U.S. production, and liberalized trade. Improved transportation technology, new solutions to phytosanitary problems (such as increased use of irradiation and even more uniform food safety rules) are likely to drive imports even higher in years to come.

### Is There An Answer In Urban Agriculture?

The only hope of changing these patterns may not be good news at all. Researchers at Ohio State University’s Center for Urban Environment and Economic Development trumpeting the possibility for Cleveland and other “post-industrial cities,” such as Detroit, to become self-sufficient in food, highlight

the fact that Cleveland now has 3,000 acres of vacant lots resulting from the shuttering of manufacturing operations. The Ohio State study found that if all this land was used growing produce, raising chickens and putting beehives on the land — plus if 9 percent of every occupied residential lot was made into a garden and if rooftop gardens and greenhouses on commercial roofs were added into the mix — Cleveland could produce between 46 and 100 percent of its fresh produce needs, 94 percent of its chicken and shell egg consumption, and 100 percent of its honey.

Of course, unutilized assets create opportunities, but the study has this kind of mercantilist economic assessment that simply ignores comparative advantage. Sure, Cleveland could produce all the bananas and pineapples its people want, but only at much greater cost than such produce could be acquired elsewhere. Indeed, even more suitable crops are problematic. Right now, the Brooklyn Grange, the Long Island City, NY-based rooftop commercial farm, is the leading rooftop operation in the United States. Its two rooftop farms grow over 40,000 lbs. of organically raised — though



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**...FOR ALL THE LOCAL MARKETING EFFORTS, the continuous trend for U.S. produce consumption has been for “food miles” to actually increase, as imports continue to expand as a percentage of U.S. produce consumption.**

not organically certified — fresh produce each year. Yet New York City had to invest public funds to help Brooklyn Grange expand beyond its Long Island City, Queens, location to one at the Brooklyn Navy Yard.

The lack of financial feasibility of urban agriculture on a commercial scale means that many of the proposals are more marketing- than production-oriented.

The new Whole Foods Market being built on the edge of the notoriously dirty Gowanus Canal in Brooklyn is supposed to be topped with a greenhouse, designed, built and operated by New York, NY-based Gotham Greens — a commercial greenhouse operation that also receives subsidies in the form of grants from the New York State Energy Research & Development Authority.

The new greenhouse seems to serve two

purposes. First, by replacing originally proposed rooftop parking with the greenhouse, it paved the way for zoning approval of the complex. Second, the location directly above the store allows for a kind of hyper-local marketing. Indeed, beyond marketing the specific produce grown in the greenhouse, retailers involved in projects such as this often hope for a “halo effect” in which consumers might think all the produce sold by the store is grown locally.

Because the Whole Foods project is being built from scratch with the greenhouse planned from the start, it is structurally feasible and permissible by zoning. In contrast, many other proposals for rooftop production on top of retail stores seem not to be panning out. Yardley, PA-based McCaffrey's Markets had plans to have New York,

NY-based greenhouse financier and operator BrightFarms design and manage the rooftop greenhouses, but structural issues and zoning concerns led the project to morph into a regional greenhouse that supplies both McCaffrey's stores and has enough excess product to be sold by John Vena Inc., a wholesaler based on the Philadelphia Wholesale Produce Market.

The project has been controversial because the greenhouse is being built on public land leased at what some perceive to be a sweetheart rate.

The basic business model of all these proposals is somewhat curious. Greenhouse developers, such as BrightFarms, basically go to supermarkets and ask for a contract at an agreed price on future production. This eliminates the marketing risk of the projects. It does not eliminate the growing risk — as evidenced by Backyard Farms' recent problems with whitefly infestation at its greenhouses in Portland, ME.

But why should a produce production facility need a contract? Since time immemorial, farmers have raised their crops and then sold them on the open market. It seems as if the price of this product won't be

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competitive with other sources. Additional problems come to mind: What about food safety certifications? Most retailers won't buy produce from vendors not third-party audited. Yet there is no mention of third-party audits by any of these companies.

There is, of course, a possibility that urban farming will yet be an important component of agricultural production. Dickson Despommier, a longtime professor in the department of environmental health sciences at Columbia University, now runs The Vertical Farm Project. The visionary project is based on the fact that by 2050, almost 80 percent of the planet's population will live in urban areas, and the population will increase by 3 billion people.

Based on current standards of agricultural productivity, this means that more farmland than is represented by the nation of Brazil needs to be added to food growing capacity of the world to keep everyone fed. This amount of land doesn't exist. Dr. Despommier's solution? Farm vertically. Although the project's website (Vertical-Farms.com) is filled with visionary proposals, he identifies several more modest vertical farms now operating, including one in the

## THE LACK OF FINANCIAL FEASIBILITY of urban agriculture on a commercial scale means that many of the proposals are more marketing- than production-oriented.

United States and one in Canada:

### **Singapore**

The island country of Singapore announced that a commercial version of a vertical farm, Sky Greens, was now in operation ([skygreens.appsfly.com](http://skygreens.appsfly.com)). It is a four-story, transparent structure fitted with A-frame growing systems that produce leafy green vegetables. It uses sunlight as a source of energy and captured rainwater to drive a clever pulley system to move the plants on the grow racks, ensuring an even distribution of sunlight for all the plants.

### **USA**

Farmed Here ([www.farmedhere.com](http://www.farmedhere.com)) opened in 2013 as a commercial-level vertical farm housed in a 90,000 square foot post-industrial building in Bedford Park, IL. It produces three products —

arugula, basil, and sweet basil vinaigrette.

### **Canada**

Local Garden ([www.localgarden.com](http://www.localgarden.com)) is a newly constructed two-story tall, 6,000 square foot transparent building located on a parking garage rooftop in Vancouver, British Columbia. It is outfitted with an innovative growing platform system (Verticrop: [www.alterrus.ca/verticrop/the-technology/](http://www.alterrus.ca/verticrop/the-technology/)) that produces micro-green salad ingredients, baby spinach, and baby kales.

### **Japan**

Plant factories (also known as vertical farms) have been up and running for at least two years. Some have been operational for a lot longer than that. There are some 50 of these indoor vegetable farms spread out over most of the country (e.g., Nuvege/[nuvege.com](http://nuvege.com); Angel Farms/[One more reason why Kern Ridge Growers  
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farms.com). Half of them employ sunlight as the sole energy source for growing crops, while an equal number use some variety of LED grow lights. Most of those using grow lights resemble large, windowless warehouses. All of them produce a wide variety of high yield leafy greens. One Japanese website estimates that the plant factory industry will grow by over 70 billion yen over the next five years. Most factories funded by private investment are largely driven by consumer demand for healthy, radiation-free food in the aftermath of the Fukushima meltdown.

It is fair to say that retailers are falling all over themselves for this hyper-local concept. The Farmed Here project in Chicago lists Whole Foods Market, Mariano's, Pete's Fresh Market, Shop 'N Save and other retailers as customers.

### Altering Future Supply Chains

Farmed Here is a certified organic hydroponic growing operation stacked five to six levels high, integrated with an aquaculture operation and producing basil, arugula and bottling vinaigrette. The operation has plans to grow salad greens. This model just may be a modest expression of the future of both local and sustainable. If so, combined with other trends, the future may be troubling for retailers.

The last half century has seen a rise in retail power vis-à-vis farmers. As retail buying consolidated and production efficiencies and expanded trade brought surpluses, the Power of the Purchase Order came to rule the industry. Yet, if hyper-local turns out not just to be a gimmick (like a rooftop farm on a supermarket) that accounts for a tiny share of sales but, instead, turns out to be an actual business in which larger indoor, vertical urban farms supply the community, it is very possible that the retail supply chain will be constrained. These facilities are difficult to site and expensive to build — even more so if they grow in height and complexity as Dr. Despommier predicts.

There may not be as many options for retailers to buy from urban farms as there are in Salinas, CA. In fact, in many parts of the country, there may be just one large controlled environment agriculture operation from which to source local product. Indeed retailers may be at risk that these local vertical farms won't sell them at all if the retailers clip the bills or if the greenhouse operators don't like the chain's buying practices.

If we combine the urban vertical farm initiatives with the initiatives to produce proprietary produce, such as The Grapery's Cotton Candy grapes (a proprietary grape that was initially sold only at the Sainsbury's chain in the United Kingdom) one can quickly imagine a major power shift in the industry. It may always be possible to buy produce, but to buy the produce consumers want — from the right local facility or of the right proprietary variety — may not be easy at all. Retailers may have to pay up, change buying practices, and

maybe even be nice!

This could lead to a more profitable production sector, and in that thought, is a little secret about sustainability that is not often noted. People sustain what produces profits for them, so a more profitable production agriculture sector will lead to the most sustainable practices. Essentially the whole idea of retail-driven sustainability may be a mistake. True sustainability derives from having profitable operations that their owners consider worth sustaining now and on into the future.

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# A First-Hand Look At South Africa's Citrus Exporters (Part 2 of 2)

A confluence of profound actions by South Africa's citrus growers and their U.S. import and retail partners beckons exciting growth.

WRITTEN BY MIRA SLOTT PHOTOGRAPHY BY JULIA SELTZER

**F**ar away from the seasonal brisk wintery chills nipping at his fertile citrus orchards nestled in the heart of South Africa, Gerard Stone wiped the sweat off his brow on this hot, humid summer afternoon at bustling Columbus Circle in New York City.

Stone, along with other members of the Western Cape Citrus Producers Forum (WCCPF), the United Nations, the Consulate of South Africa, and the Mandela Foundation, were participating in a variety of activities to celebrate Nelson Mandela Day in Manhattan.

Stone is a director at the (WCCPF) as well as a grower and director for Everseason in Citrusdal, South Africa — a historic citrus growing hub. Weeks earlier, he welcomed *PRODUCE BUSINESS* to witness a robust harvest that initiated the season's first select premium fruit for exporting to the U.S. [See *A First-Hand Look at South Africa's Citrus Exporters Part I* in PB's July 2013 issue.]

Stone cheerfully distributes his ripe, juicy oranges and engages the diverse and curious crowd of talkative New Yorkers. He educates many surprised locals and visitors on South Africa's unique summer citrus program, as well as elicits their pledges of 67 minutes of public service in tribute of Nelson Mandela's 67 years of service to humanity.

For the WCCPF, the pledge to take action and inspire change is symbolic of a much greater effort that encompasses the compassion behind its business principles and U.S. export strategies to spur joint partnerships with U.S. importers and retailers.

The WCCPF plays an aggressive role in South Africa's challenging post-Apartheid National Development Plan. The Forum also pioneered a groundbreaking economic empowerment program called Harvest of Hope to transform the lives of the disenfran-



**Gerard Stone,  
director at WCCPF,  
engages New Yorkers  
during event for  
Nelson Mandela Day.**

chised. Vast in its goals, Harvest of Hope provides land ownership and company shares to disadvantaged workers, as well as supporting skill development, education, childcare and healthcare.

Retailers, such as Whole Foods Market, have teamed up with WCCPF members on impactful Harvest of Hope projects. In addition to the moral imperative, there could be a marketing incentive for more supermarket chains to participate since corporate social responsibility, sustainability practices, and Fair Trade are becoming increasingly linked to consumer buying preferences.

"A big part of why we are participating in Harvest of Hope is to socially uplift and improve lives of all people in the supply chain," says Marc Solomon, senior vice president, Capespan North America — one of the

largest importers of South African citrus to North America — headquartered in St. Laurent, Canada.

"The exclusive program we have with Whole Foods is marketed as Fair Trade with strict accreditation requirements. It originated on one of the ALG Farms, a vertically integrated family business with roots dating back to 1750. The farm is jointly owned by the workers and meets a number of criteria based on social issues," says Solomon.

"Fruit can be marketed and labeled as Fair Trade and carries a premium price. Then the fruit comes to us, and we pass it on to Whole Foods. At the end of the day, retailers and consumers pay, and the money goes directly to a bank account to help the workers. Funds could be for education, recreation, housing, etc. The employees





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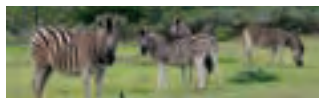


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work with a rolling fund and get to decide where the premium goes," Solomon explains. "This program is a good example of the community working together and a U.S. retailer stepping up to the plate," Solomon adds. He also points out that Fair Trade is known in the U.S. as a way of branding that consumers understand.

"I think the industry recognizes that there

is a social responsibility," says Solomon. "It's unfair to say it comes solely from one's goodness of heart. It's not philanthropic; it's for everyone's benefit. The workers do better, the community is uplifted, and the fruit is successfully marketed. It's a domino effect through the supply chain to make a difference in people's lives, where everyone profits," Solomon says.

## HARVEST OF HOPE AND RIGHTING RACIAL INEQUALITY

BY MIRA SLOTT

Nearly 20 years since South Africa's abolishment of Apartheid and the end of white minority rule, a conspicuous and deep chasm persists between the haves and the have-nots. Despite progress in black household incomes, the most recent census reports show earnings are one sixth of whites, with unfathomable poverty, unemployment and inequality plaguing the overwhelming black majority.

"We have a country with the biggest economic discrimination. We have certain responsibilities to make the 'Rainbow Nation' work and to empower the low-income and disadvantaged. We accepted the challenge as part of our business model," says Johan Mouton, chairman of Western Cape Citrus Producers Forum (WCCPF) and managing director of Mouton Citrus, a family grower/exporter in Citrusdal. "We have to be realistic on what the government can provide," adds Mouton.

"Commercial agriculture has always been perceived as the terrible skunk in the legacy of Apartheid," says Gert Kotze, co-chair of the (WCCPF), and managing director of Cedarpack. "One should never underestimate the true character and spirit of the South African producers."

"We're at a crucial turning point where the government and the private sector are joining forces to execute change," says Piet Smit, vice chairman of the Citrus Growers Association, a director at WCCPF, and producer at Cedarpack.

"There are synergies between the



Madele Mouton at childcare facility.

Harvest of Hope and the National Development Plan to eliminate poverty, as well as a process on how to tackle racial inequality through the Social Compact (established in January of 2013)," Smit explains. "The citrus industry can contribute significantly to these mandates. We can offer productivity, social welfare, food security, land reform, redistribution of wealth, job creation, job security, education, training, research development, responsible use of natural resources, etc. All these elements lead to a domino effect across the supply chain, creating widespread economic and social impacts," explains Smit.

"In our foundation process, everyone contributes; the retailer pays a little, we pay a little and the consumer pays a little," explains corporate responsibility manager, Madele Mouton of Mouton Citrus.

"We're not there simply to build the infrastructure," emphasizes Johan Mouton. "We have a responsibility to care for our communities and the quality of education and services we're providing."

**pb**





"Mainly because of Nelson Mandela, my family decided to stay and prepared to share our land," says Gerrit van der Merwe, a director of WCCPF and co-owner of ALG Farms. "This is the second year there is a dividend on our jointly owned farm. As we expand production, we are passing on a greater share of that ownership."

During PRODUCE BUSINESS' tour of ALG Farms' childcare and afterschool facility, a young childcare helper, Dannelize Ovies, proudly explained how she received a scholarship from Whole Foods to obtain a university degree in child development. ALG Farms, like other WCCPF members, invests in multifaceted programs to better the lives of its workers, their families and their communities.

"South Africa's labor-intensive agriculture industry is under pressure with land claims and cross-industry labor issues, making it difficult for farmers to remain sustainable," says Stiaan Engelbrecht, a director of WCCPF and managing director of Everseason — the export company he founded.

"I'm investing in agriculture because I believe in its future," Engelbrecht says. "We have 24 farms; seven are black empowerment farms, and two of those are 100 percent owned by the workers. A grower wants to own his land and to have control over his future. As partners, people understand where the costs come from and want to farm better. We need to put trust in each other's hands," adds Engelbrecht, describing a revitalized company culture.

Acting to right inequalities often takes courage and steadfast resolve, according to Gabri van Eeden, a founding director of WCCPF and managing director of Goede Hoop, one of the largest packing houses in



Left to right: Donovan Cloete, section head, quality, and Juanda George, supervisor, fruit reception at Goede Hoop.

South Africa.

"When the company established an empowerment trust to issue shares to employees, using a criteria of years of service and seniority, and giving them voting powers like any other grower shareholder, some authority figures were fearful of the consequences," says van Eeden. "Our competition said, 'in making employees co-owners, you'll burn your fingers; your employees won't take orders; there might not be dividends; they won't invest back in the company.'" Nothing could be further from the truth.

"There was concern that employees would sell shares, but not one has done so, and when they are able to get more shares, they want to invest and buy more," says van Eeden.

"When the company handed out our first dividend, I felt proud to be a co-owner," says Donovan Cloete, section head, quality with Goede Hoop. "It's my company, and I'm also a board member. I'm not a lower class director. I'm a director like anyone else, trusted with information, although I'm not top

management," says Cloete, who relished a newfound responsibility to help guarantee the company's success.

Juanda George, supervisor, fruit reception for Goede Hoop, started as a seasonal worker and became a shareholder. "When I walk on the premises, it's a different mindset. It's a better place. I feel privileged to receive shares; something I didn't ask for. It's a unique concept to this company and others in the community look up to us because we're co-owners," says George.

"We definitely value the Harvest of Hope program championed by the South African citrus growers, and we want to be a part of it," says Paul Kneeland, vice president of produce, floral and meat for Kings Supermarkets, headquartered in Parsippany, NJ.

"Harvest of Hope goes well with our corporate strategy and principles, which starts with supporting people in our own stores to better their situation. It goes hand in hand with sustainability, organics, the health movement, caring for the environment and social responsibility," says Kneeland.

"For the disenfranchised in South Africa, Harvest of Hope can be truly life-changing. It's a bonus for consumers to contribute to this important cause through their purchases, but what's most important, is bringing in product that tastes good and adds to variety in the produce department," Kneeland acknowledges.

"This time of year is challenging for citrus," says Kneeland. "All the tree fruit is out and the consumer's mind is in summer mode with cherries. When South African citrus comes out, people are eating peaches, plums and nectarines every day. People are looking for a break, and citrus

Childcare helper, Dannelize Ovies (back row, second from the left) and the children from ALG Farms' childcare and after school facility.





## SOUTH AFRICAN CITRUS EXPORTS



Doug Groendyke, produce manager at the Kings' Gillette, NJ, location.

can be that oasis.

Doug Groendyke, produce manager at the Kings' Gillette, NJ, location, says, "It's about educating customers on what's in season, and doing a better job of marketing. South Africa does a nice job on the fruit," says Groendyke. "Those fresh pears are just in from South Africa," he adds, noting that Kings sells South African apples as well.

Petri Fourie, managing director at Goede Hoop Vruchte, a grower/exporter in Ceres, South Africa traveled to the U.S. to attend various WCCPF-related activities — including several promotional events at different Kings' locations — to give consumers a personal account of his citrus operations.

"The strategy is to get U.S. consumers to recognize citrus as a summer product, and to show them South African citrus has a superior flavor and taste," says Fourie. Consistent quality stems from tightly knit and strongly principled operations, which involve integrating Harvest of Hope ideals, according to Fourie.

"We have a firm belief in employee

empowerment through education. I feel that education is the strongest way to help the underserved. We can give and give charitable things, but educated people understand their potential, and they can build a pathway to recognizing opportunities and better their lives," says Fourie.

While initial attempts to enter the U.S. market were fraught with logistical problems and product inconsistencies, the 250-plus member WCCPF has ironed out the kinks to accommodate leading U.S. retailers' stringent quality standards and customized specifications.

"We're growing the South African summer citrus business every year, bringing in more varieties, putting out bigger displays and demos, and increasing promotions," says Kneeland. "We're finding South African citrus much more consistent in flavor and sizing. It's shown phenomenal growth as far as where the South African summer citrus program started and where it is now. It has changed by leaps and bounds. And our sales are showing the results."

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Appeal to parents with nutrition facts and to kids with colorful packaging.

# Marketing Produce To Kids

Expand your produce business by influencing the family rather than a single customer.

BY CAROL BAREUTHER

It's a myth that kids don't like to eat healthy foods. This was the conclusion of research conducted by New York, NY-headquartered The Geppetto Group, an integrated marketing agency that focuses on youth-inspired, consumer-insight based, and culturally relevant marketing programs and products. In the company's 2005-conducted study, *Kids, Food and the Health Dilemma*, over 600 8- to 10-year-old kids were asked their opinions on healthy food and eating habits. Some key results showed that 95 percent of kids were willing to taste healthy food, and 89 percent were willing to eat more of, or the same amount of, a food that was identified as healthful. What's more, when asked to describe what a healthy food is, answers included "made by nature," "pure," and "a food that has vitamins and minerals."

Julie Halpin, The Geppetto Group's founding partner and chief executive officer, says, "Kids get it. They know what healthy food is, and I'd bet the answers would be even more positive today. This bodes well for fruits and vegetables. The time is right for produce marketers to talk to kids."

There's also a great opportunity for produce companies to partner with moms. In follow-up landmark research conducted in

2006, and with nearly 1,400 moms of 8- to 13-year-olds, The Geppetto Group found that moms wanted marketers to be their partners in helping kids eat right. Specifically, 75 percent of moms said they would like marketers to make healthy products seem cool and fun for kids, 56 percent wanted healthy products their kids would enjoy eating, and 48 percent wanted marketers to either sponsor or fund programs to teach kids healthy eating and physical activity habits.

The produce industry is perfectly poised to meet this demand and take a big bite out of the kid-friendly fruit and vegetable category. The first step is by taking a couple of product development cues from the CPG (consumer packaged goods) industry. The second step is to sell these products via their tried-and-true reputations as well as take a fresh approach to merchandizing.

## CREATING 'KID-FRIENDLY' PRODUCE PRODUCTS

"Companies that are diving into the kid-friendly produce category are challenged to create a product that is tasty and eye-catching for kids, while at the same time, healthy, easy and safe so moms feel good about purchasing it," explains Trish James, vice president of

marketing at the Orlando, FL-based Produce for Kids (PFK) and former business support manager for produce at Acme Markets, a 114-store chain headquartered in Malvern, PA.

Kid-size produce in colorful packaging as well as character branding and eatable convenience are all tools CPG companies employ to successfully attract kids and moms. Produce companies are also creating products that put these tools into play.

## KID-SIZE & COLORFUL PACKAGING

"Packaging is of course important, but so is the size of fruit — sometimes that factor can be overlooked," says PFK's James. "For example, as a mom of 7- and 3-year-old children, I know my little ones aren't going to bite into your average, large-sized apple and eat the entire piece of fruit. Smaller sized fruit are perfect for little hands, or better yet, sliced apples are more appropriate."

"Many types of fruits and vegetables are naturally kid-size," points out Elizabeth Pivonka, Ph.D., R.D., president and chief executive officer of the Produce for Better Health Foundation (PBH), in Hockessin, DE. "For example, there are small apples and pears, plums, apricots, grapes, kiwi, baby carrots and cherry tomatoes."



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Small-sized fruit options such as apples and mandarins are offered to customers at Bashas', a family-owned and -operated 132-store grocery chain based in Chandler, AZ.

"There's baby carrots and other 'baby' veggies too," adds Bashas' registered dietitian, Barbara Ruhs, MS, RD, LDN.

"The lack of a good home for small apples and pears and the huge potential to market to moms and kids led Stemilt Growers, Inc. [in Wenatchee, WA] to develop and launch its Lil Snappers program in 2011," explains marketing director, Roger Pepperl. "We wanted to create a premium pack with apple varieties and packaging that appealed to kids."

The Lil Snappers line features Stemilt-grown Braeburn, Fuji, Gala, Granny Smith, Honeycrisp, Piñata and Pink Lady apples along with Bartlett and d'Anjou pears in 3-pound re-sealable, stand-up pouch bags with colorful kid-friendly graphics. The company offers display shippers and display bins for stand-out merchandising.

Pepperl says, "During test marketing, moms and dads said they didn't know we offered this size apple. We have, of course; they just didn't see it." His biggest challenge "is that this pack is more expensive. However, even at a higher retail we sell more bags. In other words, our new pack at a higher cost outperforms traditional 3-pound poly bags."

Earlier this year, Stemilt partnered with Sunkist Growers to extend the Lil Snappers line. Joan Wickham, manager of advertising and public relations for the Sherman Oaks, CA-headquartered citrus cooperative, says, "Cara Cara, Mandarin, Minneola, Moro and Navel citrus varieties are currently available. These varieties were selected because they are some

of the most favored by kids, so we knew they would be a hit, especially in the smaller sizes. The strategy behind the brand is to offer the citrus and apple/pear varieties that kids love in a size that's perfect for their little hands and also conveniently packaged for moms." In April, the Lil Snappers line extended to include a mixed bag with Sunkist Navels and Gala apples from Stemilt.

**"If suppliers have licensed cartoon packaging or other branded cartoon-logo packs, we're happy to promote."**

— Barbara Ruhs, Bashas'

Similarly, Duda Farm Fresh Foods, Inc. in Oviedo, FL, offers its Citrines. Elena Hernandez, marketing manager for Duda, explains, "Our colorful Citrines Grab-N-Go tote bag includes four to five clementines that provide children and families living life on-the-go with a healthy and affordable snacking solution."

A kid-friendly, eye-catching zip-lock-top bag of kiwi, labeled Kiwi Kids, containing three to four pieces of fruit will be launched this year by Madera, CA-based Stellar Distributing.

#### CHARACTER BRANDING

"Branding is important," says Don Goodwin, founder and president of Golden

Sun Marketing, in Minnetrista, MN. "It's relevant and still an effective strategy to market to kids."

More importantly, branding is a valuable way to attract kids to healthful foods. Research published in 2012 by Brian Wansink, professor of marketing at the Dyson School of Applied Economics and Management at Cornell University in Ithaca, NY, and colleagues, revealed that when over 200 8- to 11-year-olds from ethnically and economically diverse neighborhoods in upstate New York were offered a choice between simple cookies or apples with stickers on them of popular Sesame Street character, Elmo, the apples with the stickers encouraged more kids to choose the fruit.

Bashas' Ruhs says, "Kids are attracted to cartoon characters. Any big packaged food company like Kraft, General Mills and Kellogg's, for example, caught on to this a long time ago. It's not a coincidence that they're investing marketing dollars by promoting their products with these characters."

Ruhs adds, "If suppliers have licensed cartoon packaging or other branded cartoon-logo packs, we're happy to promote. Another great idea for suppliers is to offer stickers to retailers. We can distribute these to stores to place directly on produce items or hand out at the cash register to customers buying the item. I've also seen removable tattoos, balloons and other in-store items that are kid-friendly."

Examples of two companies that have capitalized on character branding are Chelan Fresh and Crunch Pak. Both have collaborated with Disney to use licensed characters on their packages.

Chelan Fresh, in Chelan, WA, started placing Disney characters on its 2-pound clamshells and slider bags of cherries four years ago. In addition, each bag or clamshell contains one of eight Disney temporary tattoos.

Mac Riggan, vice president of marketing at Chelan Fresh, says, "I don't have any hard data, but anecdotally, one mom told us she bought 25 bags of cherries in order to get enough tattoos for her daughter's birthday party. That's 50 pounds of cherries. I think there is a lot of this going on." The company now also markets small apples and mandarins in Disney character packaging.

Crunch Pak, a major sliced apple processor based in Cashmere, WA, united with Disney to create the first co-branded line of produce. The Disney line includes portion-pack fresh-cut flavored apple slices marketed as Flavorz





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**Suemi**



# “Moms, on average, allow their kids to pick out four items per trip. This is good news for the fruit and vegetable industry since produce is usually the first department shoppers enter in the supermarket.”

— Julie Halpin, The Geppetto Group

in addition to apples with other items such as cheese and pretzels sold as Foodles. The Foodles are packaged in single-serve three compartment containers in the shape of Mickey Mouse's head and ears.

Tony Freytag, national marketing director for Crunch Pak, says, “To make our kids’ packaging even more fun, we have multiples of artwork. For example, each of our Multi Pak clamshells holds five bags of fruit, and those can have any one of four designs on them. The labels vary, so it creates excitement on the shelf — interest for moms and fun for the kids. We also have a ‘Rub to Smell the Flavor’ sticker on the outside of the Flavorz packaging.”

## HARNESS KID’S ‘PESTER POWER’

“There are really two demographic audiences when it comes to marketing to kids,” says The Geppetto Group’s Halpin. “There are kids and their moms.”

Golden Sun Marketing’s Goodwin agrees. “Kids are less apt to read signage or packaging. It’s important to engage them visually with something that resonates with their age group and gender. We, as an industry, are better at marketing to younger kids than teens. Merchandizing strategies such as signage, displays and information about health appeals to parents.”

“Research shows that kids shop with their moms approximately one-third of the time,” says The Geppetto Group’s Halpin. “Moms, on average, allow their kids to pick out four items per trip. This is good news for the fruit and vegetable industry since produce is usually the first department shoppers enter in the supermarket.”

Joe Watson, director of produce at Rouses Supermarkets, a 37-store chain based in Thibodaux, LA, has enjoyed sales success with Lil Snappers by positioning the products front-and-center in the fall and winter, rather than on the wall with the rest of their respective categories. “We started the apple program a year and a half ago with all six apple varieties, and we now have expanded to the two pear items and four SKUs of citrus. This

means we have an entire 11 to 12 SKUs out there in its own separate destination display.”

Since space is always at a premium in the produce department, Watson looked at category data to ascertain whether the products were cannibalizing or providing incremental sales. “We found that the 3-pound Lil Snappers were all incremental to the regular 3- and 5-pound poly bags of apples. It’s two different customers. However, we chose not to carry the Lil Snappers’ navel oranges to prevent redundancy and to use the Lil Snappers bag to replace our regular bagged and loose Cara Caras.”

Lil Snappers display bins are imprinted with PBH’s “More Matters” logo and QR codes that link to the product’s consumer website, which provides product information, healthy and fun recipe ideas, and games. In addition, Rouses calls out the display with a colorful 22-inch by 28-inch Lil Snappers poster mounted on a free-standing floor stand.

Bashas’ Ruhs says, “Suppliers that offer bin wraps and other point-of-sale (POS) materials are a great way for retailers to get the attention of moms and kids.”

In addition to destination displays, there are two other ways retailers can call out kid-friendly produce products.

PFK’s James explains, “Just like organic foods or packaged salads, kid-friendly products need a home in your produce department’s planogram. Creating a destination in your department for parents shows your commitment in helping them find solutions for their healthy eating worries. Furthermore, it allows you to bring in new products that may not otherwise have a place in your planogram, ultimately driving incremental sales.”

During James’ tenure at Acme Markets, she created the “ACME Healthy Eaters” section. This was a 2-foot dedicated space in the planogram for healthy

snacking items such as Crunch Pak apples, Buddy Fruits, Dippin’ Stix, Natalie’s Orchid Island 8-ounce juices, Ready Pac Ready Snax and store-cut watermelon and orange slices. The section was branded with shelf strips and an iron man sign. The section also supported the Acme “Kids Club Card” program by offering members a free single serve bag of sliced apples when they shopped in the store. As customers went to the dedicated section to pick up their free bag of apples, they were then introduced to the rest of the offerings.

Melissa Arteaga Marti, social media and communications manager for the Coral Gables, FL-based Turbana Corporation (which markets kid-size baby bananas), suggests, “Retailers can create mini destinations within the produce department catering to kids. This would encourage healthy eating habits by providing a fun and exciting environment. Adding eye level shelves and kid-friendly packaging within the destination area could help with visual appeal.”

## PUT PRODUCE EVERYWHERE

“Cross-merchandize fresh produce with center-store items that moms are already placing in their shopping carts,” suggests Duda’s Hernandez. “For example, peanut butter or almond butter paired with ready-to-eat celery sticks.”

Grimmway’s Borda agrees. “Merchandize baby carrots in the dip and dressing aisle or with Ziploc bags.”

“Take advantage of the greater amount of refrigerated shelving at supermarket check-out stands,” adds Reichel Food’s Wilson. “Merchandize our Dippin’ Stix in this location in place of candy.”





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## EASY TO EAT

Cut up fresh produce and kids will eat more. Proof of this was published in the May 2013 issue of the American Journal of Preventative Medicine in an article written by Cornell's Wansink. He and his co-researchers discovered that when middle school students were served sliced rather than whole apples, sales of the fresh-cut form increased by 71 percent.

Publix Super Markets, a 1000-plus-store chain headquartered in Lakeland, FL, offers its customers a wide variety of fresh-cut, kid-friendly produce products. "In addition to Crunch Pak's Foodles, we carry several options of bento boxes to include: sliced Royal Gala apples and Granny Smith apples, grapes, cheese, celery, carrots light ranch dressing or caramel dip," says Maria Brous, director of media and community relations at Publix. "We also offer Apple Dippers such as sweet and tart apple varieties with caramel sauce and a three-pack of carrots with light ranch dressing for dipping."

"There is growth in value added and snack packs," says Bob Borda, vice president of marketing for Bakersfield, CA-headquartered Grimmway Farms, which manufactures and markets Carrot

Dippers, 2.5-ounce portion packs of baby peeled carrots with ranch dip.

"Innovation and new products are the life blood of CPGs," says The Geppetto Group's Halpin. "It's the 'what's new' factor. This is powerful for kids."

Reichel Foods, Inc., in Rochester, MN, introduced four new products in late 2012 to its now 12-item line of single-serve Dippin' Stix. The new varieties are: sliced apples with peanut butter and chocolate chips, sliced Gala apple with Tajin seasoning, celery and peanut butter and celery with peanut butter and raisins."

Greg Wilson, vice president of sales and marketing at Reichel Foods, says, "Kids like to interact with their food. They like to dip."

Another playful easy-to-eat produce product is Buddy Fruits, single-serve portions of pureed fruit packaged in squeeze pouches. Eduardo Nigro, senior vice president of marketing and chief marketing officer for the Coral Gables, FL-based company, says, "We're not just an applesauce maker. We have seven product lines that include fruit smoothies, fruit gels, and fruit bites in flavors such as apple, strawberry, mango, passion fruit and banana."

**pb**

"At back-to-school time, we showcase snack items in refrigerated displays units, usually near the front of the store," says Publix Super Markets' Brous.

## OFFER KID-FRIENDLY RETAIL-TAINMENT

"In general, produce isn't presented well to

kids," says Golden Sun Marketing's Goodwin. "Ideally, retailers should market to kids throughout 52-weeks. If just starting out, try two one-month periods targeting kids — maybe in the spring and fall. Goodwin suggests creating activity sheets, kid's cooking classes, and store tours that



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**“In the end, the long-range goal is to get kids to see produce as positive. These efforts also contribute to the organizational goal to sell more fresh produce.”**

— Don Goodwin, Golden Sun Marketing

produce in a fun way to generate a kid-friendly atmosphere.

PBH offers a “Take Your Child to the Supermarket” kit that provides retailers with methods to make produce shopping fun. These tools include taste sampling, guessing games, story time, a treasure hunt, and an “I’m Stuck on Fruits & Veggies” activity where kids can keep count of what they eat by

affixing PLU stickers to a tracking card.

“In-store events that encourage healthy eating are another great way to create excitement and engage families,” says PFK’s James. “Retailers like Price Chopper Supermarkets, Whole Foods Market and Wegman’s Food Markets host kid-friendly cooking classes and events in their stores throughout the year that are very popular.”

In addition, James says, “As part of our partnership with *Sprout* [the 24-hour preschool channel], we host in-store appearances with popular characters, like Sportacus from the health-focused show *LazyTown*, to get kids excited about eating fruits and vegetables.”

“Last year, Turbana partnered with the New England Dairy and Food Council and Shaw’s Supermarket in the National Football League’s ‘Fuel Up to Play 60’ program to promote nutrition and physical activity in schools,” says Marti. “The month-long campaign in Shaw’s retail stores throughout Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont included point of sale materials, radio announcements, and two signs in the banana sections of produce departments.

“Fuel Up To Play 60 is a program that encourages kids to play 60 minutes every day and to ‘fuel up to play 60’ minutes every day by eating nutritious foods,” explains Chelan Fresh’s Riggan, whose company offers display bins of apples with the “Fuel Up To Play 60” signage to participating retailers. The integrated program educates students in participating schools about eating right, retailers use promotional materials in-store to reiterate messaging, and marketers (such as Chelan) have the opportunity to participate in different food categories.

This summer, Buddy Fruits teamed up with Sony Pictures to build a promotion around the release of the movie, *The Smurfs 2*. The promotion, “Follow Smurf and Buddy Fruits to Paris,” features the chance to win a trip to Paris and uses a combination of special blue product packaging, in-store POS materials (such as floor displays), and a social media to promote the contest.

“In the end, the long-range goal is to get kids to see produce as positive,” says Golden Sun Marketing’s Goodwin. “These efforts also contribute to the organizational goal to sell more fresh produce.” **pb**



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# Nogales Importers Expand Products And Seasonality





# Nogales Deal Expands Products And Seasonality

The experienced Nogales industry adds time and products to its line-up.

BY JODEAN ROBBINS

**W**est Mexican products entering the United States through the land port of Nogales, AZ, have long played a significant role in the U.S. fresh vegetable trade. "The crops grown in West Mexico are fundamental to the abundant variety and overall quality of produce found across the U.S.," says Alicia Martin, CEO of Wilson Produce LLC in Nogales, AZ. "For years, Mexican farmers in Sonora and Sinaloa have utilized the ideal warm climate and abundance of flat farm land to grow some of the best agricultural products. Nogales has served as an avenue to connect growers from one country to consumers in another."

"Nogales is a major source of supply for the chain stores and a major quality supplier for the whole produce industry," concurs John McDaniel, sales and operation director for L&M Companies in Nogales, AZ.

Imports through Nogales have continued to increase in both volume and availability. Lance Jungmeyer, president of the Fresh Produce Association of the Americas (FPAA) in Nogales, AZ, shares, "About 20 years ago, annual imports through Nogales amounted to about \$1 billion. Now, it is \$2.5 to \$3 billion."

"It seems that every year we are seeing more product cross from Mexico through Nogales due to the demand for not just the core products but for the diversity of new products that are increasingly consumed in the U.S.," says Jorge Quintero Jr., managing member of Grower Alliance, LLC in Rio Rico, AZ. "Technology has also made it easier to connect to all parts of the country on a more personal level as well as doing daily business."





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 <b>Jaime Martinez</b> <i>Head accountant &amp; grower relations</i>	 <b>Frank Hernandez II</b> <i>Sales</i>	 <b>Maritza Guevara</b> <i>Accounts Payable/Accounts Receivable</i>
 <b>Armando Robles</b> <i>Warehouse Foreman</i>	 <b>Luis Alcantara</b> <i>Sales Assistant</i>	 <b>Cesar Yanez</b> <i>Quality Control</i>

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The particulars of the growing areas and production provide the foundation for a successful deal. "The result of cultivating this area is produce that is naturally rich in flavor, color, and nutrition," says Martin. "West Mexico's high temperatures and year-round sunshine allow the region to advantageously grow during winter, providing over 50 percent of the U.S. produce during the season."

**According to FPAA statistics, some of the fastest moving items include bell peppers (growing over 30 percent since 2008), squash (with a 26 percent growth) and eggplant (posting a 15 percent growth).**

"The products we import through this area are of vital importance to the U.S. produce market because of the abundant availability of quality products for 10 months of the year," says Jaime Chamberlain, president of J-C Distributing Inc. in Nogales, AZ. "Without our Mexican imports, American consumers would be paying much more for their fruits and vegetables during the fall, winter, and spring."

"This region is not new to the produce industry," Martin points out. "In fact, the first produce was exported from this area to the U.S. nearly 90 years ago. For many American citizens, this means they've been consuming and enjoying produce from West Mexico regions for their entire lives!"

## HEAVY HITTERS

The top products moved through Nogales are some of the market's heaviest hitters — including tomatoes, watermelons, cucumbers, bell peppers, squash, grapes, mangos, honeydews, hot peppers and eggplant. According to statistics from the FPAA, in 2012 these 10 items accounted for over 4.4 billion pounds moving through Nogales.

"The highest volume products continue to be the traditional ones, such as tomatoes, cucumbers, bell peppers and squashes," reports Chamberlain. "We are also increasing our volumes in 'wet' items, such as asparagus and lettuce. Mexico's



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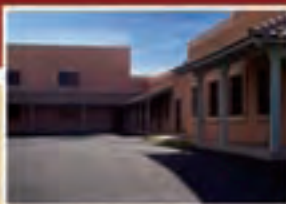
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table grapes have also been an important driver for U.S. and Canadian retail and food-service companies.”

According to FPAA statistics, some of the fastest moving items include bell peppers (growing over 30 percent since 2008), squash (with a 26 percent growth) and eggplant (posting a 15 percent growth). “The multiple varieties of bell peppers, squash, and eggplant are what make these commodities most promising,” adds Paul Guy, president of PDG Produce Inc. in Nogales, AZ. “And, we only see this increasing.”

Tomatoes have long maintained No. 1 status through Nogales. FPAA’s Jungmeyer states, “It is the most popular vegetable after potatoes, and certainly more exciting because of the development of all the new varieties. There are so many new advances in variety, flavor, color and size profile. Many companies are developing exclusive varieties to serve specific niches.”

“Tomatoes are the No. 1 item followed by bell peppers and cucumbers,” agrees Quintero of Grower Alliance. “These are definitely important to the U.S. produce industry, because they account for the largest portion at retail and at the foodservice level.”

“These major items are crucial to the industry because our volume and quality has increased,” says George Mendez, president of G. Mendez & Co. Inc. in Nogales, AZ. “This gives the market a bigger source and variety to choose from.”

Market demand continues to drive the deal. “Tomatoes and vegetables serve a high demand in the U.S.,” explains Martin. “When you look at the American food culture, it is fairly easy to see why everyone is using these products. Whether they compose garden salads, garnish hamburgers, adorn sandwiches, or are just consumed raw, Americans crave vegetables, and Mexico has them.”

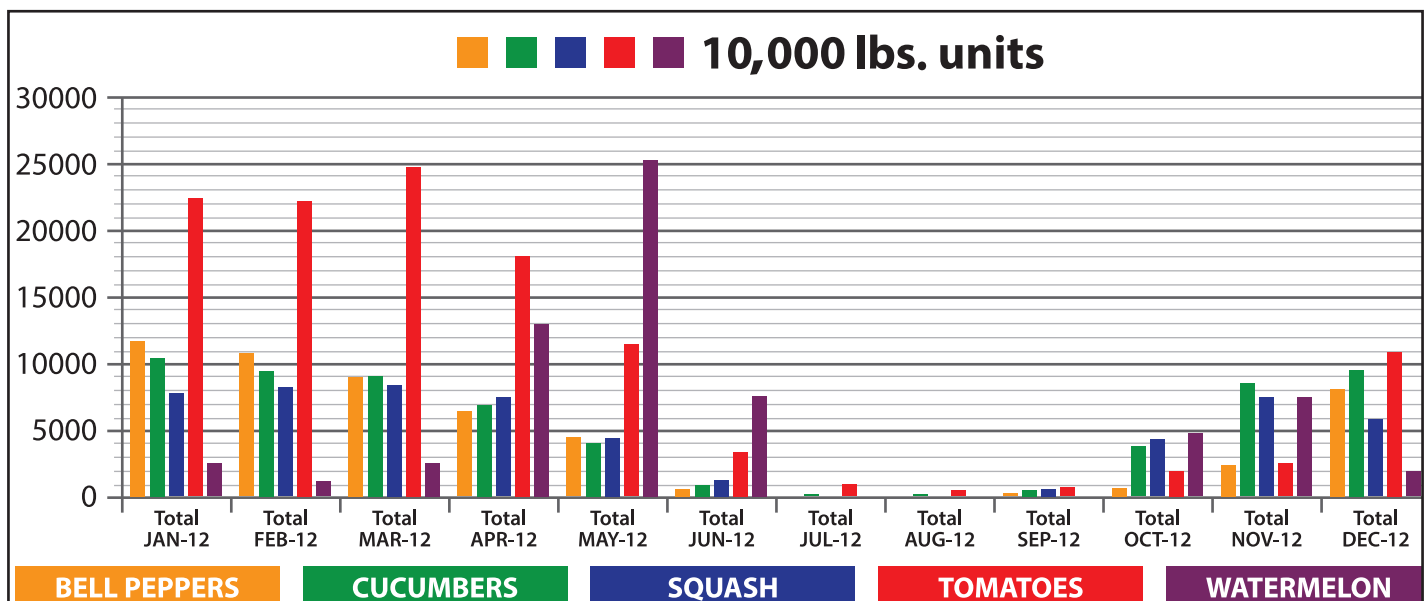
“We see continued demand and growth in the chili pepper arena,” says John Caldwell, general manager of Vision Produce Company in Phoenix, AZ. “We’re also seeing a lot of growth in shade-house items and colored bell peppers.”

### GROWTH- YEAR ROUND

Though occupying a strong position, the Nogales-West Mexico industry continues to evolve. “The U.S.-Mexico produce industry is, in many ways, going through a renaissance,” reports Martin. “A lot of change occurred in the past 20 years — especially



# MONTHLY IMPORTS OF SELECT MEXICAN ITEMS THROUGH NOGALES, AZ, FOR 2012



SOURCE: FRESH PRODUCE ASSOCIATION OF THE AMERICAS

in the last 10 years. There is an agricultural history and wealth of knowledge obtained only through years of experience, trial and error, and new development. On top of that, technology, transportation, food safety and seed varieties are quickly evolving, and the produce industry is eager to keep up. Farmers are finding that new technologies and agricultural sciences can yield a stronger more consistent product when the right information is applied."

"We used to have four or five months for the Nogales season," concurs Mendez. "Now we ship almost year-round. Also, quantities have increased on all items through Nogales."

Technological advances helped the growth. "Our business grew tremendously over the past 20 years," states J-C's Chamberlain. "With the implementation of high-tech and low-tech protected agricultural practices, we have become efficient and productive. The added investments in research from the world's top seed breeders to create seed varieties tailor-made for our growing regions have also been a huge factor in our success."

"The modernization in the agriculture practices in Mexico is tremendous," adds L&M's McDaniel. "Twenty years ago, who would have thought about growing a complete crop in protected agriculture covering to have better yields and quality?"

One noticeable change in the Nogales deal is the extension of longer seasons for

**"Twenty years ago, who would have thought about growing a complete crop in protected agriculture covering to have better yields and quality?"**

— John McDaniel, L&M Companies

many items. "Most of West Mexico production is coming from shade houses — not only increasing production and quality, but also creating longer seasons," states McDaniel. "Between mainland Mexico and the Baja Peninsula, we are able to provide year-round supplies on cucumbers and tomatoes. That gives our customer a year-round supply of dark green and straight cucumbers as well as on-the-vine ripened tomatoes."

"Twenty years ago, the average season of produce from Mexico was November through May," says Wilson's Martin. "Now we are seeing a shift to September through August. With the advent of technology, irrigation, and infrastructure, there are more areas to grow than two decades ago."

"The season expanded greatly," concurs Guy with PDG. "I've been here since 1981. Back then we started shipping on November 10 and would be done by the end of April or first week of May, at the

latest. Now we start shipping in September and go until the middle of July."

"Essentially, there is year-round supply on tomatoes now and for some other vegetables too, including cucumbers, lettuce, peppers and avocados," says FPAA's Jungmeyer.

However, production availability doesn't always translate to sales. Jungmeyer says, "For some items, the limiting factor is the cost of transportation from Mexico to the U.S. market — particularly in the summertime when local deals are in production. That being said, many buyers are looking to have consistency in quality, sizing, branding and other elements of the program, regardless of transportation costs. Mexican producers are in a position to provide this."

## DRIVING FORCES

The reasons behind the expansion are multi-faceted. "The season continues to expand every year," says Jungmeyer. "Technology from greenhouses is one factor contributing to this. Also, Mexico continues to exploit new microclimates, and more U.S. buyers are viewing Mexico as their de facto choice for supply instead of as a supplement."

Constraints in U.S. production areas also influence demand for increased Mexican product. "The season is extended on a lot of items," says Vision's Caldwell. "One reason is because of the labor issues in the U.S. as well as the advantage and ease we



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**G. Mendez & Company, Inc.**  
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# Who is G. Mendez & Co.?

When custom brokerage firm G. Mendez & Co. was founded by George Mendez back in 1980, he already had 10 years of experience working in the industry.

"I started the company as an individual and grew it from the ground up," he says.

He also became a fixture of the produce industry, helping to form the National Mango Board and serving as treasurer and serving on the Board of Directors as well as being a member of the Fresh Produce Association of the Americas.

In the beginning, the company imported a variety of goods from Mexico into the U.S., including produce, seafood, mining products, Mexican ceramic ware and basically any commercial item there was a market for in the U.S.

"Business was simpler back then," Mendez says.

It was soon determined that produce was THE volume item being exported out of Mexico, so this is where the company focused its efforts and became specialized.

It was in 1999 when the company branched out into perishable warehousing, opening Klondike Cold Storage.

"This was something our customers asked us to do," Mendez says. "As our business grew, our customers' needs expanded. Their businesses required warehousing, trucking and forwarding of produce coming out of Mexico. Our goal was to adapt to the needs of the industry."

Eight years ago, Mendez expanded its warehousing operation when G. Mendez & Co. purchased a warehouse that was under construction at the time and only about 65% completed.

"We started with dry warehousing first, then produce warehousing, and finally realized we needed more space," Mendez says.

Because there was still much work to do to complete the 25,000-square-foot warehouse, Mendez was able to finish off the construction and details to his high

standards. This included developing separate areas divided into different temperature zones to accommodate the needs of various types of produce.

Today, Mendez and his son David, who joined the company in the early 90s, run both the brokerage and cold storage businesses, which are housed under the same roof.

The Nogales, AZ-based firm provides door-to-door service as a U.S. Customs broker service, a Mexican Customs broker service and cargo forwarder. It offers port service in Nogales; Otay Mesa, CA; Douglas, AZ; Pharr, TX; and Progresso, TX.

Thirty-three years after being established, the company, which employs 18 and includes 10,000 sq. ft. of executive office space, is now a one-stop shop for customers.

"We can do everything required by companies importing product from Mexico, including freight forwarding," Mendez says.







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- We are experts in perishable commodities and understand the urgency and sensitivity of perishables.

- Our company navigates the regulations put forth by the USDA, FDA, Homeland Security and U.S. Customs.
- Our customers benefit from our long-standing relationships cultivated over generations with carriers and agencies.
- We provide personalized service throughout the delivery process.
- We are accessible 24/7.
- Our truck tracking system provides you with pertinent and real-time information either via e-

mail or cell phone. Your truck shipment is tracked from the time it leaves the packing shed in Mexico. You will know when your shipment arrives at the border, be appraised when it reaches and progresses through the inspection process at Mexican Customs, then notified to its arrival at and the progress through the U.S. Customs Compound, including USDA and FDA inspections.

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- Certified by Organic Certifiers in accordance with the USDA-NOP National Organic Standards

- In-house-developed warehouse management software that handles inventory control and provides real-time information 24 hours a day. The program also can be adapted to other software programs when necessary
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now have in obtaining products from Mexico. One example is in jalapeños. I've gone from September of last year until mid-August of this year. I may have a three to four week gap on jalapeños in mid-September to mid-October, but that's it."

**"It's tougher, so you need to show that you have consistency of supply and quality control of your product. The reason we're in the deal is to service our existing customers — not to trade FOB."**

— John Caldwell, Vision Produce Company

Technology and new production areas allow Mexican growers to hedge production risks by growing new areas and adding new crops into their business. "Growers who typically cultivate only one item are looking to diversify and grow other items in addition to developing in more areas," recounts Caldwell.

"Higher technology infrastructure allows crops to be available longer," says Quintero. "Adapted and controlled environments allow growers to produce items for longer periods of time."

"Through protected agriculture, we can expand into the summer months with specific products, which historically we had not been able to participate in," explains J-C's Chamberlain. "We are starting our seasons earlier with some product starting in mid-September while we finish in late-July. We never completely stop receiving products, the commodities just change. Summer months are heavy for mangos through this Port."

The dynamic of the Nogales deal is also shifting from open FOB to more specific commitments. "The way the business is going now, we must have ownership of product," states Caldwell. "It's tougher, so you need to show that you have consistency of supply and quality control of your product. The reason we're in the deal is to service our existing customers — not to trade FOB. Lots of the products coming up from Mexico are already spoken for in a business like ours. You're seeing more



## MEXICAN PRODUCE ITEMS EXPORTED THROUGH NOGALES, AZ

Commodity	Units in 10,000 lbs.				
	2008	2009	2010	2011	2012
<b>Tomatoes</b>	118,431	108,942	144,927	109,488	119,526
<b>Watermelons</b>	69,008	62,964	71,609	70,767	66,312
<b>Cucumbers</b>	50,358	55,386	64,646	52,761	63,291
<b>Bell Peppers</b>	41,620	40,263	50,891	42,245	54,497
<b>Squash</b>	42,999	45,018	50,176	52,258	54,211
<b>Grapes</b>	27,691	23,537	30,073	25,869	30,470
<b>Mangos</b>	13,582	14,680	17,633	19,242	17,192
<b>Honeydews</b>	16,186	15,577	17,514	17,034	16,452
<b>Hot Peppers</b>	12,318	13,271	12,346	12,461	15,820
<b>Eggplant</b>	8,903	8,669	11,239	7,739	10,254

Source: USDA - AMS

companies do business this way.”

“Compared to years ago, our Mexico business is more retail-oriented with part of the production moving toward contracts,” adds L&M’s McDaniel. “This contrasts with

prior years when more was sold via spot market.”

### MAINTAINING QUALITY

Extending seasons can often mean

sacrificing quality or flavor, but the Nogales industry tackles this issue head-on. “There can be some issues at the tail end of a season if it’s pushed too far,” warns Caldwell. “This especially depends on the weather. We try to hit the meat of each area’s growing seasons and retrieve as much as we can without sacrificing quality.

“Many farmers are practicing multiple planting stages and soil management to ensure a consistent level of quality throughout the season,” reports Wilson’s Martin.

“What dictates quality and flavor is the market itself,” adds Mendez. “The market requires a certain standard and that’s what has to be made. Mexico continues to produce what the market dictates.”

Technology and know-how are important components of West Mexico’s ability to extend season yet maintain quality. “Given the technology of the protected agriculture and the new varieties, we are seeing better yields and quality without sacrificing flavor,” says McDaniel.

“We are working closely with seed companies — such as Enza Zaden, Seminis, and Harris Moran to name a few

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# New Port To Facilitate Trade

BY JODEAN ROBBINS



PHOTO COURTESY OF CUSTOMS AND BORDER PROTECTION/HENSEL PHELPS CONSTRUCTION CO.

**A** long awaited logistics change is soon to be completed in Nogales.

The Mariposa Land Port of Entry in Nogales, AZ, is the largest port of entry for fresh fruits and vegetables imported from Mexico, and an ongoing project to increase and improve the facility expects to facilitate trade across the border.

"The reconfiguration of the port is a unique project that has already increased capacity during the construction process," states Lance Jungmeyer, president of the Fresh Produce Association of the Americas (FPAA) in Nogales, AZ. "The Mariposa Port doubled its commercial processing lanes during construction, with all eight commercial lanes now fully operational. In addition, there are expanded dock and offloading areas to better accommodate truck inspections as well as improved screening technology, such as the use of gamma ray machines to better process trucks."

The port aims to be the flagship port of entry for the entire United States. "Phase Three of the project will be completed and fully operational by November 2013," states Jungmeyer. "Phase Four will be completed by August 2014 and includes the removal of temporary facilities and the completion of the remaining permanent

buildings."

"We are all very excited about the opening of the new Mariposa Port of Entry," reports Jaime Chamberlain, president of J-C Distributing Inc., in Nogales, AZ. "The service we will be able to provide through this port will be unmatched elsewhere in the U.S. Here in Nogales, we have been the No. 1 source for Mexican fruits and vegetables for over 100 years. The combination of our committed grower base, technological advanced farming practices, and our innovative distribution systems will guarantee that we serve our American and Canadian customer base for at least another 100 years."

The Nogales community ultimately looks to benefit its customers. "The new port will handle more boxes more efficiently," says George Mendez, president of G. Mendez & Co. Inc. in Nogales, AZ. "This will result in better quality, longer shelf-life for products, and it will get to the end consumer quicker."

"The new port should make the process easier than what it's been in the past," agrees Paul D. Guy president with PDG Produce Inc. in Nogales, AZ. "It will help Mexican trucks get across the border faster and more efficiently, ultimately that means even better, fresher product." **pb**

— to breed for flavor in addition to working on disease resistance and quality," states J-C's Chamberlain. "This is our commitment to our customers for many years to come."

**We have an exciting future . . . because seed breeders are now very intuitive with the demands of the diverse ethnic customer base that we service.**

— Jaime Chamberlain,  
J-C Distributing Inc.

"As fast as growers expand products and seasons, the seed companies keep presenting new varieties in line with consumers' need. Whether it is a darker color on the fruit, specific sizing, better taste, or better yields for the crops," says Grower Alliance's Quintero. "Every year, test plots are done to make sure growers select the best varieties available."

The diverse growing regions and climates prove advantageous to managing optimum quality while extending seasons. "We're moving to optimal production areas," explains PDG's Guy. "The early fall season comes out of Hermosillo, Mexico, then we move to Culiacan, Mexico, then back to Hermosillo. The growers expanded their region to areas that can produce during alternate times of year. It's not the same area trying to produce more, it's moving to where the production should be."

"We try to overlap areas to ensure highest quality," states Vision's Caldwell. "For example I'll be starting squash in Caborca, Mexico, in mid-October and then in Obregon, Mexico, in mid-November. Could Caborca go into early December? Maybe so, but my plan doesn't go that far, because the area could be in a freeze then. It's not worth risking it in our plan."

Food safety, traceability and quality control are crucial aspects integrated into the production system. "Every company has a quality control program," says FPAA's Jungmeyer. "There is a higher level of participation in traceability in West Mexico than you will find anywhere in North America."

"Compared to 20 years ago, the industry in Nogales is now much more sophisticated





PHOTO COURTESY OF WILSON PRODUCE LLC

**“Almost anything currently grown in California will be available in the future in West Mexico. Researchers are working on varieties to suit the climate.”**

— Lance Jungmeyer, FPAA

and efficient regarding food safety and traceability,” says L&M’s McDaniel. “Not only as an effort to comply with new laws, but most importantly, for the safety of the consumer. Buyers and consumers should know that the farms in Mexico are very modern. A lot of product is grown in shade houses, and the growers place a high priority on food safety.”

The West Mexico industry and FPAA work closely with authorities and growers to ensure high food safety standards. “Our companies and the FPAA work closely with producer associations and government agencies,” explains Mendez. “The FPAA serves as a conduit for information. Ultimately, it’s the buyer who requires food safety verification and traceability. If they did not have confidence and reassurance in our supply, they wouldn’t be buying. They ask for proof, and we provide it in terms of documentation.”

“Every year, food safety standards get tighter. Mexican growers are staying on par, or ahead of the game, by placing emphasis on this,” says Quintero. “It is no longer a premium to have a food safety program in the packing shed but a common necessity.”

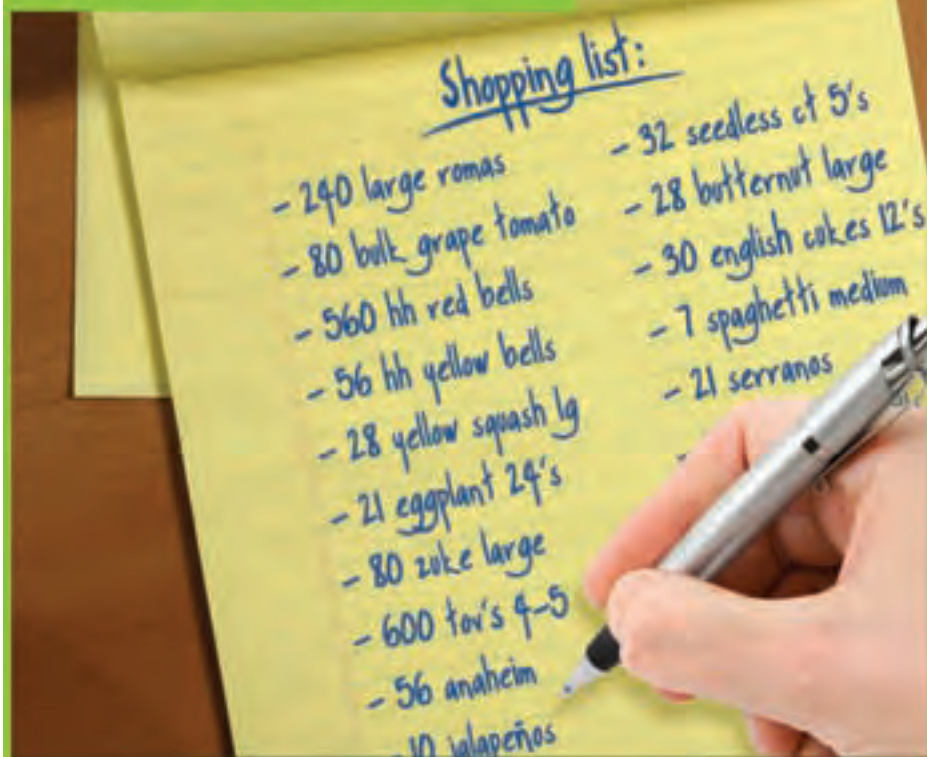
## ON THE HORIZON

The West Mexico-Nogales deal saw stunning diversification over the past decade or two. “In the past decade, we’ve seen the rise of mini bell peppers, mini cucumbers, heirloom tomatoes, Persian cucumbers, and specialized varieties of more common commodities,” states Quintero. “Also, more than anything, specialty packs are evolving and changing year in and year out.”

“All the Asian items, like bok choy, fuqua,

moqua, bitter melon, and Kabocha are much more actively marketed nowadays compared to a decade or so ago,” says J-C’s Chamberlain. “The Hispanic chili items are also much bigger. And, of course, you have all the tomato category specialty items like the Kumato, heirlooms, cocktail grapes, and romanitas. The advents of the mini cucumbers and mini peppers have also benefited our consumers. We have an exciting future in the fruit and vegetable industry, because seed breeders are now

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very intuitive with the demands of the diverse ethnic customer base that we service. They are breeding seed varieties that fit our lifestyles and specific tastes.”

The mix is forecast to expand even further as small volume items continue to grow and new items are added. “Almost anything currently grown in California will be available in the future in West Mexico,” reports FPAA’s Jungmeyer. “Researchers are working on varieties to suit the climate. This includes items such as broccoli, head lettuce, dragon fruit and much more.”

“Some new commodities that proved to be explosive values for our customers are Persian mini cucumbers, mini peppers, grape tomatoes, and all organic products,” says Chamberlain.

Though Nogales is mostly associated with vegetables, fruit imports are on the rise. “We’re starting to see more fruit, like pineapples, move through Nogales,” states Vision’s Caldwell. “Of course, mangos at certain times of the year are huge here.”

“When I started in the ’70s, mangoes were a new item,” reports Mendez. “There were maybe 30 to 35 million boxes total in the U.S. per season — and the season was



only four months long. Now we’re looking at 50 to 60 million boxes in the U.S. during a season that is year-long. Nogales was not a big mover of mangos back then, but now about 45 percent of the Mexican deal

moves through Nogales.”

Mini sweet peppers have seen rapid growth recently. Wilson’s Martin explains, “These have the appearance of a small bell pepper and pack a lot of flavor and nutrition. There are many ways to cook and enjoy them; we’re really looking forward to the new food concepts that are emerging. We’re also seeing new varieties of grapes, melons and cucumbers come into the market.”

While not a new product in the market, limes through Nogales are a fairly recent development. “We’re one of the main people doing limes,” states Caldwell. “We bring limes from Colima, Mexico, through Nogales. Years ago, there were no limes through Nogales. Now, we pretty much have them year-round through Nogales, and the quantity is growing.”

In Nogales, L&M is working hard with farms to increase core items. “Increasing items like bell peppers, cucumbers, romas, eggplant and squash will allow our customers to pick up all the vegetables at one time,” reports McDaniel.

Organics is another area to keep an eye on via Nogales. “One of the expanding areas is organics,” reports PDG’s Guy. “Lots of buyers are looking for organics and more are being produced. At our company, we have one salesman that is solely dedicated to organic sales.”

“Organic products are in more demand with every season,” agrees Quintero of the Growers Alliance. “We are looking to expand our organic program.”

**pb**

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**Thursday, November 7, 2013**

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**Successful Merchandising Tips for West Mexico Produce**

Pamela Reimenschneider, Editor of Produce Retailer magazine, will share photos of successful merchandising examples, and explain how to work with retailers to get them to make a big display out of your produce.

**Opening Fiesta & Networking Event**

The opening fiesta and networking event is set in the lovely outdoor Plaza of the Resort, and will feature delectable and creative food stations, hors d'oeuvres, signature beverages and to-die-for desserts. This is the perfect venue to reacquaint with old friends and make new ones!

**Friday, November 8, 2013**

**Golf Registration & 1st Round of Golf**

All golfers report to Tubac Golf Resort.

Non-Golfers can enjoy networking opportunities with Nogales Distributors or participate in other exciting convention activities! Contact the FPAA office to learn more!

**Gala Event and "Pillars of the FPAA" Awards Ceremony**

The gala event will feature a reception, elegant sit-down dinner, entertainment, dancing and the honorees of this year's "Pillars of the FPAA" recognition award will be unveiled!

**Saturday, November 9, 2013**

**2nd Round of Golf**

All golfers report to Kino Springs Golf Course.

Golfers enjoy a fabulous BBQ lunch and golf award ceremony after this round!

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# Where Do Suppliers Envision The Fruit/Gift Basket Category In The Year 2020?

COMPILED BY MICHELE SOTALLARO, AND ARRANGED IN ALPHABETICAL ORDER BY COMPANY NAME.



Suppliers present a future world of closer integration with social media and retail outlets.

**RICHARD KNUTSON**  
President  
Basket Ease  
Prior Lake, MN

Three forces — Local, Sustainable, and Individual/Personal — will influence fruit and gift baskets, just as they will impact other products, into the end of this decade. However, tradition has been, and will continue to be, a pervasive factor in fruit and gift baskets. The prevalence of sales associated



with the year-end holidays will guarantee this. These combined influences will result in gift baskets that appear quite similar to past products even though new items and materials are used to make them.

## Local

Produce and other items that are considered Local are increasingly popular. Produce items may not be available in some areas for year-end gifts. Other items like cheeses, jams and jellies, or almost any suitable item that can have some local identity, will be added to gifts.

Packaging materials will be increasingly

produced locally due to the increased cost of shipping and handling as well as increased labor costs in developing countries. Wicker baskets are traditional for fruit and gift baskets, but costs keep increasing for imported baskets. Additionally, availability can be interrupted due to weather, politics, or financial events.

## Sustainability

Baskets made in the U.S. are usually plastic. Wraps and bows are also made with plastic or vinyl. Recycled materials or products made with natural materials will be increasingly popular. Containers and wraps

# **“Where most other products you find in the produce department sell for single digits, fruit baskets range in price from \$20 to \$100 and can maximize a retailer’s shelf space.”**

— Kevin Delaney, Procacci Brothers Sales Corporation

can already be made with plastics derived from corn.

The use of other local woods or fibers to make baskets is also possible. The new 3-D printers could make it possible to produce a wide variety of containers in different shapes and sizes with diverse material at almost any location. There will also be increased demand for products made with local and sustainable materials because they reduce costs.

## **Individual/Personal**

The third force influencing fruit/gift baskets in the future will be the increase of individual and personal products resulting from the universal connections through the Internet. Both purchases and sales will occur more and more frequently via phones, tablets, and other new media. Retailers will promote person to person. People will order what they want, when they want it. This will make scheduling easier for both the retailer and the customer. It will make it possible to personalize products for individual customers.

**RICHARD P. MICHEELS**  
W.M.S. Implementation Manager/  
Fresh Pack Manager  
Indianapolis Fruit  
Indianapolis, IN

The effects of fruit basket sales at the typical grocery market over the past decade are a result of online shopping, social media, customers’ desires and the transition of a category.

Shoppers can now purchase almost anything they want online and have it shipped to the destination of their choice. This outlet for purchasing baskets has taken a toll on retailers. With shoppers’ time becoming

restricted due to busy lifestyles, their schedules are limited, and they opt for easier alternatives to running to the local market.

Shoppers can now purchase gift baskets online, pay for them, and

have them shipped without ever leaving their home, their office, or even their kid’s sporting event.

Markets that have done well with continued retail sales have done so by embracing social media like Twitter and Instagram, and using it to keep shoppers informed as well as developing their own online shopping page.

Consumers’ desires have changed, and the reality is that the category has morphed from fruit baskets to general gift baskets. Consumers are looking for more than just the a few oranges, apples, pears, and grapes in a basket. They are looking for variety, baskets that have chocolates, wines, dried fruit, ciders, desserts, cheeses, organic items, and even Kosher baskets — just to name a few.

While all the examples above are causes and effects to declining sale in retail markets for fruit baskets, there is one element to ponder. The retailer’s mindset for selling fruit/gift baskets is that they are a sales opportunity for only the final six weeks of every year. The online companies view its opportunities as daily, 52 weeks a year, and have to generate those sales every day or they wouldn’t exist.

**KEVIN DELANEY**  
Director of Marketing  
Procacci Brothers  
Sales Corporation  
Philadelphia, PA

Whether saying “thank you” to a friend or sending best wishes to co-workers during the holiday season, fruit baskets have always been a naturally healthy gift that everyone enjoys. Procacci Brothers has been customizing fruit basket programs for retailers for over 60 years. We attribute our success to offering premium fruit while featuring baskets with high residual value. Procacci Brothers stays ahead by monitoring emerging trends outside of the category.

Rick Feighery, vice president of sales for Procacci Brothers, states, “By the year 2020, we may see a lot of change in this category. Firstly, the growth of ethnic and specialty produce could translate into having more non-traditional components in fruit and gift baskets. Secondly, the supermarket shopping experience is changing. Both trends promote strong growth opportunities for retailers.”

Procacci Brothers has seen the growth of specialty produce firsthand. Carrying a full line of ethnic and tropical produce, we help retailers throughout the East Coast tailor programs for the emerging ethnic markets and increasing demand.

“The growing Hispanic population coupled with cooking shows and social media are all helping ethnic and specialty produce get more exposure and popularity,” says Feighery. “In the past, fruit baskets commonly featured items like apples, oranges and pears, but the growth in this category could give our team more options to consider.”

Rita Neczypor, produce and packaging design coordinator for Procacci Brothers, dedicates most of her time and energy on designing the next season of baskets. “The expanded year-round availability of exotic and specialty fruits provides more hardy assortments and diversity. This trend will help create a broader variety of gift and fruit basket options,” says Neczypor.

As for the baskets themselves, Neczypor is seeing some additional options in material. “We’re seeing new baskets made from variations of natural materials, such as rope and different applications of bamboo, as well as new families of shapes and metals. The whole objective is to make sure the basket can be reused in the home of the recipient,” says Neczypor.

Fruit baskets are typically displayed in produce, deli and floral departments.

Fruit baskets are an impulse purchase and need to be placed in prominent locations to increase visibility.

The increased visibility leads to faster turnover, which helps reduce shrink. The benefit for retailers carrying fruit baskets has always been the sticker price.

Where most other products you find in the produce department sell

for single digits, fruit baskets range in price from \$20 to \$100 and can maximize a retailer’s shelf space.

However, the present and future technology of social media and the Internet has quickened and vastly broadened visibility and availability of everything, and could do the





same for fruit baskets. On the consumers' advanced versions of their smartphone, smartwatch, tablet, or computer, they will receive information and advertisements for fruit baskets via e-mail, websites, and their favorite social media network.

Many e-commerce sites have done well at selling fruit and gift baskets online, but retailers may differentiate themselves by offering more convenience to online shoppers. Neczypor advises, "Retailers have an advantage over other e-commerce sites because they can offer convenience. Their customers not only can send a gift basket to someone while ordering their groceries, but could have the ability to pick it up from their local store."

**CHERYL THOMPSON**  
Packaging Specialist  
Willow Group  
Batavia, NY

It wasn't long ago that fresh fruit, during the winter months, was considered "special." I'm from Buffalo, NY. Strawberries were available during a few short weeks in June. Oh, we did have a few from Florida, and then some from California, but not like today.

"Back-in-the-day," as my kids would say, a basket full of fruit given as a gift was truly that — a special gift. Today, any variety of fruit is available, even the most perishable, every day of the year. It's commonplace and expected. So how do we sell a basket of fruit? Will the term "it's all in the packaging" play a part in catching that sale in the year 2020 as it does today? Yes it does and still will.

In the fruit and gift basket packaging industry, we are challenged by the continuing escalation of packaging costs, due to material and labor shortages and increased shipping costs. Baskets are no longer inexpensive. For the first time there's a greater awareness of the container and packaging cost associated with the construction of a fruit or gift basket. Therefore, the container being used, to house the gift or fruit items, is now much more important. From the consumer's perspective, it must have an individual value all its own. Especially for fruit baskets, since fruit is so readily available, the container must play the bigger part to capture those sales.

Face it; fruit is fruit. Being in this industry, Willow Group, Ltd. is therefore challenged to

address all these issues, which in turn, will help our customers reel in those sales. We never stop exploring new packaging ideas, while keeping the cost associated with that packaging front-and-center. It is our job to help them increase their sales, through packaging.

For me personally, at Willow, it is not only my career, but my passion to help create new packaging ideas and find more clever and labor efficient ways to build fruit and gift baskets.

I am so excited right now about new packaging we are working on for future fruit basket programs. I want our customers to hit those sales benchmarks. We will keep working to find what sells in today's and tomorrow's environments. It's key to be flexible in this ever-changing economic market. Fruit baskets always have been, and always will be, a healthy, affordable and much appreciated gift. Packaging and display are key to success.

**pb**



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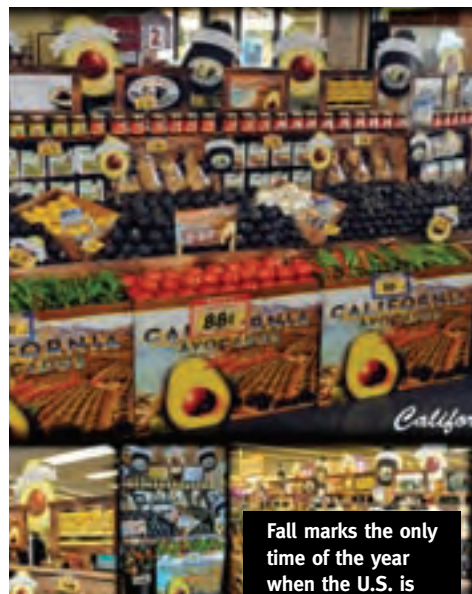
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Fall marks the only time of the year when the U.S. is supplied with avocados from four growing regions.

# Fall Is The Ripe Time To Promote Avocados

Explore the ways avocados have become a consumer favorite, and discover how the industry plans to use avocados year-round.

BY CAROL BAREUTHER

**S**uper Bowl, Cinco de Mayo and Fourth of July have become synonymous with peak selling periods for avocados. Now, retailers can add fall holidays such as Labor Day, Halloween and Thanksgiving to this list. According to the Irvine, CA-based Hass Avocado Board's (HAB) *Holidays & Events 2012* report, Labor Day saw the biggest jump in volume of any holiday in 2012, up 66.1 percent compared to the year prior; while Halloween saw the largest increase in dollars, up 17.4 percent. What's more, savvy retailers are finding that fall sports offer valuable promotional opportunities for avocados. There's tailgating at football games and "home-gating" in front of the television for the major league baseball playoffs.

Jimmy Ross, vice president of produce at Gerland Corporation's Food Town supermarkets, a 25-store chain based in Houston, TX, says, "We'll run display contests to promote avocados, and in the fall, this means a football theme. High school ball is big here also. We have four colleges and universities in town, and many of our customers will head over to

Austin to tailgate. Avocados are a staple — a got-to-have item."

Add to this families' return to routine and regular meals in September coupled with ample supplies and the fall becomes a ripe time to sell avocados.

## Supplies On The Rise

Hass avocado consumption reached a record of 1.5 billion pounds in the U.S. in 2012. Of this, 427 million pounds were sold during the months of September, October and November, up 24 percent from the previous year, according to data supplied by HAB. Broken down by month, September saw 136 million pounds of fruit sold in 2012, up 21 percent; October 147 million pounds, or a 26 percent increase; and November 144 million pounds, a 25 percent increase. This year, volume is projected to increase another 10 percent to 1.65 billion pounds total for 2013. Driving the supply side is growth in supply fed by insatiable consumer demand.

"With quantity also comes quality," explains Emiliano Escobedo, HAB's executive director. "Five years ago, the quality of fall fruit just

wasn't there. Since then, the industry has made tremendous strides. Some countries, for example, have self-imposed minimum oil standards. This creates a consistency in flavor — that means there's no lost sales momentum from the summer."

Fall (the months of September, October and November) marks the only time of the year when the U.S. is supplied with avocados from four growing regions. This season also sees a transition from domestic to imported fruit. For example, according to data supplied by HAB, domestic fruit represents 36 percent of the total sold in the U.S. in September compared to 15 percent in October and 2 percent in November.

Peru started shipping fruit to the U.S. market three years ago. This South American country's season goes head-to-head with California during the summer and early fall, yet, according to some suppliers, Peruvian fruit offers the advantage of larger sizes.

"Arrivals of avocados from Peru should continue until September 15 with fruit in the market until September 22," says Giovanni Cavaletto, vice president of operations for





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Index Fresh, Inc., in Bloomington, CA.

Rob Wedin, vice president of fresh sales and marketing for Santa Paula, CA-headquartered Calavo Growers, Inc., says, "Fall represents the late weeks of the California avocado season. Our harvest moves from Santa Barbara into San Luis Obispo. Flavor is excellent, and there is opportunity for local displays that emphasize local flavor."

California is expected to ship 82 million pounds of fruit in the fall, or a little less than a fifth of its annual crop.

Jan DeLyser, vice president of marketing for the Irvine, CA-based California Avocado Commission (CAC), says, "Many retailers want to stay with local or California when it's available. That's the target and our point of differentiation for this fruit."

"California typically finishes its season in the early fall," explains Bruce Dowhan, the Escondido, CA-based executive vice president and general manager of Giumarra Agricom and Giumarra Borquez. "Mexico and Chile supply more volume as the season moves through the holidays."

"Mexico has four avocado blooms that create year-round supply," says Tim Hallows, regional marketing manager for Mission Produce Inc., in Oxnard, CA. "The largest of these blooms puts a sizable amount of fruit into the U.S. market by mid-September. Volumes out of Mexico continue to ramp up in October and turn heavy by November."

"The boost of avocado supplies out of Mexico in the fall is because more acres have become USDA-certified," adds Hallows.

Calavo's Wedin says, "There are good volumes of organic avocados out of Mexico in the fall."

Chilean avocado arrivals to the U.S. begin in September and last until March.

Karen Brux, the marketing director for the San Carlos, CA-based Chilean Avocado Importers Association (CAIA), says, "We expect a volume increase of 30 to 35 percent over last year. Promotable volumes will be available throughout the fall and winter months, with marketing programs put in place to support retail sales."

### Three Ways To Dip Into More Avocados Dollars In The Fall

"Sports and holidays are good hooks for avocado promotions in the fall," says HAB's Escobedo. "Combine these holiday displays with showing customers new ways to enjoy avocados, beyond guacamole, and tell consumers about the fruit's nutritional side."

**HOLIDAYS.** Labor Day, Halloween and Thanksgiving collectively represented one-fifth of all holiday-related avocado sales in 2012, according to HAB's report, *Holidays & Events 2012*. Interestingly, while Super Bowl and Cinco de Mayo represented 2.4 and 2.5 percent of holiday sales, respectively, Labor Day wasn't that far behind at 2.2 percent.

Robert Seegmiller, sales director of produce for Harmons, a 16-store chain grocer headquartered in Salt Lake City, UT, says, "Labor Day is the last outdoor-summer gathering of the year for many people, so we'll promote avocados with a barbecue and burgers theme."

Seegmiller promotes both fresh avocados and the chain's homemade guacamole for Halloween. "Making guacamole in-house has proved a good way to decrease shrink on avocados; plus, I haven't seen sales on whole avocados go down since we added the

guacamole," he says. "The pre-made guacamole is displayed in our Recipe Ready section along with cut fruit and our own salsa. When Halloween is during the week, like it is this year, many customers like to grab the pre-made items for parties."

Avocados go on ad the week after Thanksgiving at Harmons. "Avocados aren't something people traditionally buy for Thanksgiving," Seegmiller says. "But give them a good price, and it brings customers back in store to use up leftovers — like making a turkey avocado sandwich."

Mary Ostlund, director of marketing for Homestead, FL-based Brooks Tropicals, Inc., which markets its green-skinned Slimcado from June through January, says, "'Two for' promotions always play well in sales."

"Selling two sizes of avocados is another great way to drive sales," adds the CAIA's Brux. "This meets the needs of different consumers, as smaller avocados can be sold at attractive multiple-unit pricing and attract more budget-minded consumers."

Brux adds, "Last year's avocado crop out of Chile had a bit larger sizing because it was a lower volume crop. That being said, Chile is focused on meeting the needs of the U.S. market and will supply a range of sizes to meet various retail requirements."

Maggie Bezart, vice president of trade and promotion for the Denver, CO-based Avocados from Mexico, says, "There will be excellent sizing out of Mexico. Retailers will have plenty of opportunity to promote large, medium and small sizes this fall."

"In general, deep discounts are most effective in lifting avocado sales in less developed markets, such as the Midwest and Northeast, as this provides a value opportunity for customers to purchase the fruit," explains Dan Acevedo, director of business development for West Pak Avocado, Inc., in Murrieta, CA. "In well developed markets, such as in the West and Southwest, price isn't as effective as is frequency of ads."

**SPORTS.** "In the fall, baseball playoffs, the World Series, football parties and tailgate events take the place of family picnics and barbecues," says Bezart.

A sports-themed display contest is one way Seegmiller at Harmons promotes avocados this time of year. "People think of avocados at the start of the football season, so we'll run display contests in our stores. Each store isn't cookie-cutter in size and layout. Some are larger and have a promotional area in entrance; others are smaller and have promotional aisles in the



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back. That's why the contest is based on cents per customer —sales of avocados divided by the number of customers. It levels the playing field so every produce manager can show their creativity and have a good chance of winning."

"CAIA will once again run it's 'Grab some for the Game' promotion," says Brux. "This includes over \$40,000 in prize money for winning retail avocado displays. Participating produce managers who submit a qualified Chilean avocado display photo will receive an online scratcher and have a chance to win from \$50 up to \$500."

To support this contest, as well as other ongoing retail merchandising efforts, CAIA will make a variety of point-of-sale (POS) materials available to retailers. CAIA will also provide retailers with information, recipes, images and videos that can be posted on retail Facebook pages, websites or blogs.

"Avocados from Mexico will run strong vertically integrated programs, themed around Major League Baseball playoffs, throughout the fall," Bezart explains. "These promotions span from National TV and social media advertising to consumer offers with *People* magazine and *Entertainment Weekly* such as: buy Avocados from Mexico and get a free can of Rotel Diced Tomatoes to make 'Rockin Guac.' In-store will include radio spots, cross-merchandising display shippers, produce partner contests, and consumer sweepstakes with our new 'All-Stars' promotional program."

**RETURN TO REGULAR MEALS.** "There are so many opportunities to fit avocados into fall and winter menus," says CAIA's Brux. "When I think of fall and winter foods, I think of soups and hearty salads. We have easy recipes for both of these meals and more on





PHOTOS COURTESY OF CALIFORNIA AVOCADOS COMMISSION



**A recent 3-year study by HAB on retail opportunities for bagged avocados showed 80 percent growth in bagged avocados' retail dollars.**

our website. For example, there is '10-Minute Tortilla Soup and Avocado Brown Rice Salad.'"

Avocados from Mexico's Bezart agrees, "With the days of summer behind us, shoppers are looking for ideas to create fun, flavorful recipes to feed their families. Avocados have good fats that, when used in certain ways, can help control cholesterol, diabetes and weight management." Bezart suggests, "cross merchandising avocados in our new compact waterproof bin next to the salads for a protein replacement is a good idea. Add tortillas to the display for a quick after-school snack or light dinner menu idea."

Use recipes to sell more avocados per purchase occasion. To do this, offer bagged fruit. Even though bulk sales account for 94 percent of total avocado category dollars, a recent 3-year study by HAB on retail opportunities for bagged avocados showed 80 percent growth in bagged avocados' retail dollars. Within the bagged category, 4-count bags experienced the highest growth at 98 percent. The study also found that consumers buy bulk and bagged avocados for different purposes, so there is great potential for retailers to add incremental sales.

In the future, there will be greater chances

to sell avocados with a good-health theme year-round. HAB dedicated 70 percent of its budget to nutrition research at major universities across the U.S. Study topics include healthy aging, satiety, weight control, as well as heart and brain health.

HAB's Escobedo says, "We are working with the researchers and marketers to translate the science into a consumer-friendly form. We'll then package and share this information with the associations who can then build it into their promotions. Ideally, consumers will look to eat more avocados at all meals and in many ways year-round." **pb**

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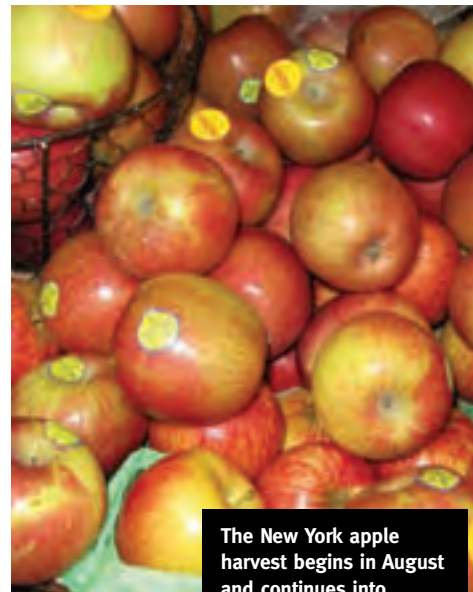
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The New York apple harvest begins in August and continues into October with an expected harvest exceeding 30 million bushels this year.

# New York Apples: A Beautiful State of Recovery

Through a fortuitous combination of weather events, there should be an abundant supply of the best apples this year. **BY BOB JOHNSON**

**“W**hen the tree blooms in the spring, the cluster has side blooms and one king bloom. The king bloom is the strongest bloom, and makes the strongest apples,” explains Tim Mansfield, director of sales and marketing at Sun Orchard Fruit Co., Burt, NY. When the bloom comes out, if the weather is right and the bees are pollinating, you get more pollination of king blooms. This is what you shoot for every year, but it doesn’t always happen. It did this year.”

The New York apple harvest began in August with early varieties including Paula Reds, Ginger Golds and Galas, and will continue into the middle of October with later varieties like Crispins, Red Delicious and Fujis.

As the New York apples come to market this year, a subtle shift will continue toward newer varieties that suit consumer taste, including Honeycrisp and some lesser-known delights.

New York apples in 2013 are in a beautiful state of recovery from the hailstorms that destroyed half the crop in 2012, and damaged much of the fruit that could be harvested.

“Generally, when you have bad weather one year you have a bumper crop the next, and this



year it looks like we will receive it,” says Mansfield. “We had a large bloom, and the pollination weather was good. As far as the number of bushels, it’s going to be larger, and we will have sizeable apples. The quality is also pretty good.”

Producers can think of little, if anything, that they would change in the growing season for New York apples this year.

“In terms of quality, the growing season has been perfect. In terms of quantity, it’s as near normal as anyone could ask for,” says Lee Peters, vice president for sales and marketing at Fowler Farms of Fowler Brothers, Inc., Wolcott, NY. “It’s way, way better than last year.”

Thanks to the good weather, the harvest should, once again, crack the 30 million bushel benchmark.

“The volume is substantially up over last year due to our statewide freeze and crop failure. We expect to harvest around 31 to 32 million bushels,” says Kaari Stannard, president of New York Apple Sales, Castleton, NY.

## Volume Doubles From Last Year

The difference between the 2012 and 2013 New York apple harvests in volume is dramatic.

“The volume in New York looks considerably larger than last year. The early estimate for this year in New York is somewhere in excess of





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30 million bushels, compared to just under 14 last year," says Sandy Cohen, president of Cohen Produce Marketing, Camp Hill, PA.

Apples are to be in good supply throughout the country this year, as the Vienna, VA.-based U.S. Apple Association forecasts a 243 million bushel crop nationwide this year, which is 12 percent larger than last year and 9 percent higher than the five-year average.

The abundance of the 2013 apple supply is largely because of the recovery in New York and Michigan; additionally, the Washington crop is forecast to be a little smaller this year than last.

Prospects look so good that retailers who went elsewhere last year, because they could not get New York apples, will come back to their old suppliers in 2013.

"I think we're optimistic and somewhat confident we'll be able to pick up where we left off with our markets," says Jim Allen, president of the New York Apple Association, Fishers, NY.

Add it all up, and 2013 should be an excellent year for New York apples.

"This year is much better both quality-wise and quantity-wise. Last year was a disaster with the frost, but this year we've had a good growing season," says Jody Pavero, owner of Pavero Cold Storage, Highland, NY.

### Variety Is The Spice

Consistent apple varieties come out of New York, and Honeycrisp is steadily increasing.

"There have not really important varietal changes over previous years but Honeycrisp continues to grow in volume as new plantings come into production," Cohen says.

When they discuss newly popular varieties, apple producers always include Honeycrisp —

**"The volume is substantially up over last year due to our statewide freeze and crop failure. We expect to harvest around 31 to 32 million bushels."**

— Kaari Stannard, New York Apple Sales

the Minnesota native that has rocketed up the list of the top half dozen varieties because of its unsurpassed texture.

"Galas, Pink Lady and Honeycrisp are all popular, so a lot of them have been planted. The Honeycrisp is a novelty apple," Pavero says.

Honeycrisp is the new star among apples, but it is not for everyone because it costs more to grow and ship.

"Honeycrisp has a big following. It's increasing in acreage, but not as fast as you would think. It's a difficult apple to grow and doesn't give you as much yield per acre, and it's a difficult apple to pack. Its price at retail is higher because of the lower per acre yield," says Sun Orchard's Mansfield.

While Honeycrisp is the most prominent newer variety, there are more varieties coming out of New York.

"It's an evolving market. As new varieties come out, consumers taste them and ask for them, like Zestar and Sweet Tango," says Fowler's Peters.

Recent releases from the Cornell University breeding program are among the new varieties.



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## SUPPLYING THE EASTERN SEABOARD

**N**ew York apples developed a reputation with markets that run the length of the Eastern seaboard.

"We ship from Boston down to Florida, to the Midwest, and to the Caribbean. We'll hit the west side of Pennsylvania, and that's the farthest west we go," says Jody Pavero, owner of Pavero Cold Storage, Highland, NY.

Even global shippers generally keep their domestic apple sales to the eastern half of the country.

"I would say, generally, New York apples go from Maine to Florida and as far west as Ohio, domestically. Globally, New York and other Eastern apples continue to grow in a number of regions throughout the world," says Sandy Cohen, president of Cohen Produce Marketing, Camp Hill, PA.

Even Pennsylvania apple shippers maintain their "Eastern identity."

"Although we ship lots of New York apples, we're located in Pennsylvania. We market and promote Eastern apples. We just moved our office from Aspers, PA, to Camp Hill, PA," Cohen says.

A few New York shippers send known New York varieties to Western retailers.

"We'll ship local varieties like Empire, McIntosh, Courtland and Crispin out West," says Tim Mansfield, director of sales and marketing at Sun Orchard Fruit Co., Burt, NY.

But even shippers who send a few loads west are selective about bucking the freight costs and competition.

"In the fall, we do ship a few loads of Cortland and McIntosh to California, but we stop at Texas since we lose our freight advantage. Our organization ships as far west as Texas and as far Midwest as Minnesota. We also ship to the entire eastern seaboard," says Kaari Stannard, president of New York Apple Sales, Castleton, NY.

There is enough demand in the Eastern markets that New York apples will theoretically keep increasing.

"As consumers experience the new varieties and the good quality, they buy more," says Lee Peters, vice president for sales and marketing at Fowler Farms of Fowler Brothers, Inc., Wolcott, NY. **pb**

"We are increasing acreage on varieties such as Honeycrisp, Gala, Fuji and managed varieties such as RubyFrost and SnapDragon. These are the new varieties announced by the New York Apple Growers Group; apples that came from the Cornell program," says Stannard of New York Apple Sales.

### Display Your Local Product

New York apples are often considered local along the Eastern seaboard, and it pays to display them as such.

"The Northeast and Eastern seaboard area tend to look at Eastern apples as local, whether they come from New York, New England, the mid-Atlantic or even parts of the Midwest. We're within 500 miles of two-thirds of the population," says New York Apple Association's Allen.

The time-honored local appeal of New York apples goes back generations for many consumers, and the appeal has more recently benefited from environmental concerns.

"Promoting 'local' helps because of the overall eating quality and the reduction of the carbon footprint," Cohen says.

Shorter shipping distances not only reduce freight costs and carbon impacts, they help to keep the fruit fresh and of high quality.

"Our freshness and consistent quality sells our product at retail. We deliver mostly over night with our farthest distance to Texas, two-day journey. Our taste profile is excellent and consumers return for it time and time again," Stannard says.

Quality is the key to developing a loyal customer base for New York apples.

"You need to have quality, well positioned pieces of fruit. If you have that, people will come back. You've got to have consistent quality, or people won't come back because money is too hard to come by these days," Pavero says.

Offering consistent quality takes developing relationships with the best New York apple shippers.

"Work with shippers that concentrate on quality," Sun Orchard's Mansfield advises. "Nothing beats having good quality on the shelf and fresh quality. If it looks good, the consumer is going to try it. If it is good quality, you're going to have return sales."

Even the best apples have to catch the consumers' eyes.

"Retailers need to keep them front-and-center, and they need to pass on to the consumers the proper margins with a good price," Fowler's Peters says. **pb**



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After last year's devastating losses, the Michigan apple industry is back in full swing.

# Michigan Apples: What A Difference A Year Makes

Growers are excited for a promising crop this year and share their predictions on favorable varieties. **BY BOB JOHNSON**

**L**ast year an early heat wave followed by a cold frost-filled spring destroyed nearly 90 percent of the Michigan apple harvest — the most devastating Michigan apple crop loss in well over a half century.

This year growers and shippers from throughout the state report that recovery is in full swing, and they expect a robust crop in 2013, followed by steady growth for years to come.

“Michigan is coming back this year,” says John Schaefer, president of Jack Brown Produce Inc., Sparta, MI. “This year looks excellent; we might have a vintage crop. It was a good growing season last year, so the trees were healthy going into the winter. Perhaps we will have even more apples than two years ago. There have been a lot of new plantings put in over the last five years, and those trees are beginning to bear fruit.”

Jack Brown Produce ships from the entire west side of Michigan, to the Indiana border, to the middle of the state, and began shipping its first apples the third week of August.



“Last year was strictly an event that took the fruit. The trees came into this season well rested. We’re probably on the cusp of having a crop of record size. We have new acreage, and new bearing acreage. When you have a

very large crop, you tend to have the best quality,” says Don Armock, president of Riveridge Produce Marketing, Sparta, MI.

The weather has been so cooperative this year that the abundant Michigan apples figure

to be even sweeter than usual.

"We're having relatively dry weather, which brings the sugars up rapidly. The early harvested varieties had exceptional sugar levels," Armock says.

### Ramping Up

This upbeat assessment of how well the crop has bounced back from the 2012 disaster is generally shared within the Michigan apple community.

"We're very excited to have a good crop

this year. It looks outstanding compared to last year, where we didn't really have a crop," says Diane Smith, executive director of the Michigan Apple Committee, Lansing, MI.

Not only have the apples come back this year, but recently planted acreage is starting to bear fruit, which means there should be a steady increase in Michigan apples for at least a half decade.

"We will absolutely continue to grow, both our company and the state. The five year projections I've seen say we're continuing to ramp up," Schaefer says.

## GEOGRAPHICALLY SOUND

**M**ichigan apples largely serve markets carved out of the center of the country, avoiding competition in Washington, California and New York, which all have shipping advantages.

"Take a cone from Michigan to Florida in the East and Texas in the West. You go much further west and Washington has a freight advantage. You go much further east and New York has a freight advantage," says John Schaefer, president of Jack Brown Produce Inc., Sparta, MI.

That core market in the heartland seems ready to return to Michigan for their apples this year. When asked if the customers who could not get Michigan apples last year will be back this year, Don Armock, president of Riveridge Produce Marketing, Sparta, MI, replies, "We're pretty confident. Most of our markets are in the central part of the U.S. out to the Rockies, and the Southeast."

There are also important international markets for Michigan apples.

"We ship to 26 states and 18 countries. We don't go too far west; we go a little west of the Mississippi. But Michigan has a prime location to half of the country. As we increase the size of our crop, we'll look at different markets," says Diane Smith, executive director of the Michigan Apple Committee, Lansing, MI.

As acreage increases, some shippers are already looking at different markets.

"We promote them anywhere people like great tasting apples; we don't limit ourselves geographically," says Chris Sandwick, vice president for sales and marketing at BelleHarvest Sales, Inc., Belding, MI.

Unlike 2012, shipments of Michigan apples are just a phone call away.

"We'll have truckloads on the way," Armock says, "as soon as you place your order."

**pb**

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Along with recovery in the orchards, prospects look good for recovery of markets that Michigan apple shippers were unable to serve last year.

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couldn't serve last year. We have spent the last summer talking to our old customers, and to some new ones, and the response has been excellent," says Chris Sandwick, vice president for sales and marketing at BelleHarvest Sales, Inc., Belding, MI.

### A Crop Full Of Honey

Apple growers all over the country are increasing their acreage of Honeycrisp, the record setting newcomer to the list of top varieties, none more so than the Michigan growers — who got an early start with this Midwestern native.

"We will have record crops of Honeycrisp for some years to come, there will be a substantial increase this year versus two years ago," Riveridge's Armock says. "Over the past decade, two things have changed. There has been a dramatic movement away from apples for products like juice and applesauce. The other change is that we've eliminated some varieties that weren't doing well and increased Gala, Fuji, Jonagold and Honeycrisp."

Other shippers agree that Honeycrisp will lead the rise of newer premium varieties for the foreseeable future.

"Red Delicious, Golden Delicious and McIntosh continue to be standards, but what's coming on are Jonagold, Gala, Fuji and Honeycrisp. These are some of the premium

varieties consumers are demanding, and growers have responded," Jack Brown's Schaefer says.

There are, however, still a large number of customers who want to eat the apples that their parents or grandparents ate.

"We have to remember that there are still lots of people with allegiances handed down from generation to generation for varieties like McIntosh, Empire and Courtland," Armock says.

The advisable strategy at the retail level is to offer choices of varieties, sizes and packs.

"We work the grower and wholesaler end, but as a consumer, I want to see a number of varieties, both large and small apples and both bag and bulk. Consumers want a choice," Schaefer says.

The particular mix of choices that makes sense at any particular store depends largely on the neighborhood.

"You need to have the varieties and size of pack that is suited to your neighborhood. If price is important to your customers, you need to have fruit and the style of pack that will let them feed their families. If your customers are in the upper income range, you need Honeycrisp and some of the other new varieties. Not only do you need to have them, you need to promote them," Armock says.

**pb**



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Sweet onions from Peru help bridge the gap between the more familiar domestic sweet onion varieties.

# Peruvian Onions Gain Traction

Peruvian onions are poised to attract sweet onion fans. **BY BARBARA ROBISON**

**T**he Peruvian Onion season began with an estimated 10 percent crop increase, compared to last year. Regional Management of La Libertad in Peru expects an onion crop of 40,000 tons this season. “We have a full range of sizes of our Peruvian onions,” states Matt Curry, president of Curry & Company, Brooks, OR, producer/shipper of sweet onions and other fruits and vegetables.

“The crop is significantly larger than previous years due to our partnership with Suncrest Produce Solutions, a large importer of Peruvian sweet onions out of Lake Wales, FL, nearly quadrupling tonnage to over 200 containers.”

## Peruvian Onion Season Forecast

“This year’s Peruvian onion crop looks nice with good volume and early crop sizing toward mediums and jumbos,” reports John Shuman, president and director of sales at Shuman Produce, Inc., Reidsville, GA, a grower/shipper of sweet onions.

Sweet onions from Peru help bridge the gap between the more familiar domestic sweet onion varieties, such as Walla Walla, Vidalia and Texas 1015 onions. The flat shape and characteristic color quickly identify the Peruvian varieties as sweet.

“As originators of the ‘Mayan’ sweet onion from Peru, we have developed growing practices based on what consumers expect from domestic sweet onions in sweetness, taste, and appearance,” says Kurt Schweitzer, co-owner, Keystone Fruit Marketing, Inc., Greencastle, PA, a produce grower, shipper and marketer. “We’ve done a lot of testing and research to provide what our customers want. Eighty to 85 percent of our crop is grown specifically on our farms for our customers, and we have our own packing facilities. We grow the sizes especially for the customers’ uses. If they are using bags, we have 2.5- to 3-inch onions for the 2-, 3-, or 4-pound bags, and 3.25- to 4-inch onions for the 5-pound bags.”

## Vital Role For Displays

Peruvian onion suppliers agree that well designed retail displays are an important part of a successful onion program. They drive sales. No one display fits all. “We would like as much space as possible,” says Curry. “However, I’d say it isn’t necessarily an optimum size, but more an optimum position. Peruvian sweet onions need to be clearly displayed and not confused with the standard yellow onion set. They demand a premium ring at the register to capture as many of those sales as possible. They need to be in a promi-

nent position to deliver sales and profit to the produce department.”

“Each retailer is aware of what works to emphasize products. We believe that this year’s Peruvian onion crop is of a manageable volume — the bigger displays, the better,” remarks Barry Rogers, president, Sweet Onion Trading Corporation, Melbourne, FL.

“Retailers know their stores and their customers’ expectations better than I do. We do business with box stores to high-end markets and work with them in different ways to help maximize their sales and profits,” notes Derrell Kelso, Jr., CEO and owner, Onions, Etc., Inc., Stockton, CA, a packer, shipper and re-packer of onions.

“Sweet onions should be displayed in a large, central spot in the produce aisle, and secondary displays should be built to accommodate incremental sales during holiday weeks. It’s important to call out the mild, sweet flavor of the onions through signage placed close to the product. When the flavor profile and versatility of sweet onions are emphasized, it causes consumers to value them highly,” states Shuman of Shuman Produce.

## Growing Sales ‘In the Bag’

Peruvian onions in bags appear to be of



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increasing interest, both by consumers and retailers. Suppliers are seeing more requests for the bags in 2-, 3-, 4-, and 5-pound sizes. The bags provide an option for colorful displays and also offer a place for proper storage, handling and other information, plus recipes. “Bags and bulk sweet onions seem to attract two different customers,” observes Sweet Onion Trading’s Rogers.

Shuman Produce encourages retail partners to stock a mix of both bags and bulk product to accommodate the purchasing habits of their customers’ demographics. The demand for sweet onion bags has risen steadily since its introduction to the market and now makes up roughly 40 to 50 percent of the company’s total volume shipped throughout the year.

“Bagged Peruvian onions typically represent a value-buy, and our percentage of bags continues to increase. We like to see a display of large, sweet bulk onions with a bag option. The size of the bag depends on the market. We also continue to see strong bag sales at the start of each month, so it can be a good strategy to offer a bagged onion promotion during the first week of each month for a nice sales lift,” suggests Curry of Curry & Company.



“Bags are an important part of the retail business. Displays of both bags and bulk side by side are good for any sweet onion sales program. A second display, especially with potatoes, will increase consumer interest and help build sales,” according to Schweitzer of Keystone.

“During the season, we like to sell the Peruvian onion 3- and 5-pound bags along with running ads for them. We also sell the bulk onions, of course,” says Tony Smith, merchandising manager, J.H. Harvey Company, LLC, Nashville GA, a 73-store retail food chain.

Onion Etc. also offers bag programs for Peruvian sweet onions. Kelso views the bag as innovative, attractive and practical packaging, which is quickly gaining consumer attention and stimulating impulse purchases. It works well for cross-merchandising purchases. “In our 2-pound sweet onion bag, we print the UPC code as we pack the onions. A sticker on the front of each bag identifies the variety. One of our sweet onion specialties is a ‘Poppa’s Sweets’ in a vexar bag,” remarks Kelso.

### Merchandising Programs Aid Peruvian Sweet Onions

When it comes to produce merchandising, Curry & Company is a strong supporter of recipe suggestions for Peruvian sweet onions. “There is still opportunity to educate consumers on how they can be used in everything from salads to entrees. Lots of coverage is given to sweet onions on food television shows and in the food sections of magazines and newspapers. Retailers can capitalize on this type of coverage by partnering with local media. In-store signs that advertise, ‘Enjoy this sweet onion recipe as featured in your local newspaper or TV show,’ will not only sell sweet onions but other items in the recipe,” Curry suggests.

“Some of our favorite items to use in cross merchandising with sweet onions are yellow squash, red potatoes and zucchini. Our customers like to mix the onions with those items,” says Smith.

Shuman Produce makes it easy for its retail partners to offer consumer usage ideas through a variety of recipe preparation videos (featuring the company’s own chefs) called, “Chef and The Fat Man.” The short videos feature dishes prepared by the chefs, and provides step-by-step preparation instruction, along with information about the crop.

“Kitchen Counter Merchandiser” is a program Onions Etc. offers retailers as an



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— H. Norman Schwarzkopf*



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**“Some of our favorite items to use in cross merchandising with sweet onions are yellow squash, red potatoes and zucchini. Our customers like to mix the onions with those items.”**

— Tony Smith,  
J.H. Harvey Company

interesting way to promote meals eaten at home. It utilizes onions, often stored on the consumer's kitchen counter, as a catalyst to increase incremental sales of items not on the customer's shopping list. It is a program designed by a merchandising team of experts, using high graphics. Each sweet onion bag promotes not only onions, but also slower moving SKUs such as root vegetables, herbs and radishes. It also can promote high dollar, high margin SKUs like avocados and berries.

“We highlight herbs in every recipe because herbs make dishes taste better. Retailers ask us to promote herbs so consumers will like their own cooking and retailers sell more herbs. A shopping list on the back of the bag helps increase incremental sales as well as sweet onion sales,” explains Kelso.

“We work with our individual customers and can provide a video demonstration with a chef explaining the comparison between Vidalia onion and Peruvian onions, which retailers can include in their online programs,” states Keystone Fruit Marketing's Schweitzer “We also know consumers are interested in finding out more about where and how a product is grown. Our QR (quick response) code used at point-of-sale links to information about our Peruvian farms.”

According to Cathi Holloway, produce manager of one of Logan's Markets, Inc, a privately held, single store supermarket in Vale, OR, “Our customers like to know where things come from and about the products. The stickers on the onions come off sometimes, so we try to display the boxes of Peruvian sweet onions prominently to help consumers see where the onions were grown. We also let them know that sweet onions do not keep as well, and we explain how they should properly handle them for longer use.”

**pb**



# Customers Find Value In PWPM Differentiation



Identifying niches and re-defining business keep Philadelphia wholesalers competitive and relevant to customers and shippers. BY JODEAN ROBBINS

**T**he Philadelphia Wholesale Produce Market (PWPM) has a long history of seeking out and fulfilling the needs of its customers. "Our produce business has always been about serving niches," says Joe Procacci, CEO of Procacci Brothers Sales Corporation. "Back to the days on Dock Street, it's always been a business of finding out what your customer wants and how you can best fill it. Today, we try to give our customers what they need."

"Niches are important to serving customers," says Mark Levin, owner and CEO of M. Levin & Co. "You have to define your niche in the market — whether it's the small item that takes off in a big way or the big item that takes off small."

"You're not in business anymore if you don't find your niche," adds Mike Maxwell, president of Procacci. "The opportunities are always out there. You just have to identify and capitalize on them."

The increasingly competitive nature of today's business puts even greater emphasis on niches. "Niches are important because Produce is a very competitive industry," says John Vena, president of John Vena, Inc. "People need to differentiate their business, going after certain niche groups or making themselves better able to serve particular customers."

"Niches are driven by competition," agrees John DiFelicianantonio partner at Ryeco Produce. "Niches force a company to find ways to be valuable to the customer. Delivery, creating custom packs,



Mike Maxwell, Joe Procacci and Rick Feighery  
PROCACCI BROS. SALES CORP.



Jose Flores, Louie Diaz, Jim Canterino and Tom Daly  
PHILLY PRODUCE



Bud Lombardo and Mike Lombardo  
PINTO BROS., INC.



Fred Penza and Todd Penza  
PINTO BROS., INC.



John Dohanicz and Jimmy Carter  
G&G PRODUCE



Andre Santori, Buyer, SANTORI'S FRUITS AND VEGETABLES  
and John Nelli, HUNTER BROS., INC.

drop-shipping to customers, cross-docking, giving more service and the backstory all play a role now."

"More and more companies are specializing in different areas to attract a customer base," says Thomas Daly, salesman with Philly Produce, LLC. "They try to attract customers to the market with what differentiates them from others."

The PWPM provides value for a variety of niches. "Our niche is providing the things people need here 24/7," says Todd Penza salesman with Pinto Brothers Produce. "For example, Baldor [based in Bronx, NY] is here every day because they couldn't load enough at their warehouse or because they're getting a better deal. I

am bringing stuff from all over the country to meet all kinds of needs. That's the value we offer as a market."

"We serve many who recognize our value," says Tom Kovacevich III, general manager with T.M. Kovacevich. "Independent retailers, farm markets, international supermarkets, 'mom and pops' and food-service are the top five buyers for us right now."

### Creating A Niche

Companies on the PWPM boast years of developing their expertise. "Our big niche is obviously the banana business," states Levin of M. Levin. "Because we've been doing it for so long, we've developed a

regular customer base for bananas and serving those who need to fill shorts. When you've been doing something for 100-plus years, you know what you're doing. In Philadelphia, we are the single oldest family-run business, and this fact contributes to the solid position we occupy in the marketplace. I contribute our success to the hard work of past generations."

Building on proven expertise is crucial to future success. "We developed a tropicals business to complement our already established strength," continues Levin. "Creating a successful niche means focusing on what you're good at."

John Vena Inc. started developing its niches in the mid '80s with greenhouse



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PINTO BROS., INC.**



**Cheryl Grady, John Vena and Katharine Mandia  
JOHN VENA, INC.**



**Marty Strulson, Richie Routhenstein, Nelson Gonzalez and Marty Roth  
COOSEMANS PHILADELPHIA, INC.**

produce and Asian items. "We wanted to serve customers who were underserved," says Vena. "We considered other things we could develop to differentiate ourselves. We found opportunity in hot peppers, fresh herbs, ethnic items and foodservice items. Customer requests led to different packaging as well as new products. We're now able to use our packing facility to serve many different customer needs and niches."

Organics present additional examples of niche-building. Thirteen years ago, Procacci recognized a void in the need for a fuller line of organics. Rick Feighery,

vice president of sales for Procacci, explains, "We've been able to build an organic supply with broad variety, and we're continuing to develop products to fill holes in the organics market."

T.M. Kovacevich plans to serve the growing organics niche in the near future. "Once we find the right category manager, we'll be serving our customers with an outstanding product and service," says Kovacevich. "We pride ourselves on excellence, and we expect our organics expansion to follow suit."

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Todd Penza, PINTO BROS., INC.  
and Dan Vena, JOHN VENA, INC.



Marty Roth and Marty Strulson  
COOSEMANS PHILADELPHIA, INC.

serving their customers. "Everybody's looking for something different," says Rick Milavsky, president of B.R.S. Produce. "Whatever the hot vegetable is at the time is what they're seeking. We offer a full line, so we have what our customers need."

Newcomer Philly Produce opened on the PWPM in August 2012. Philly Produce's Daly reports, "We specialize in Chilean imports, blueberries, citrus, a full line of tomatoes, potatoes, onions, domestic citrus, apples, and bananas — ripened at our own facility. Our facility in Newark allows us to

pack items daily, providing the customer with fresh packed products."

G & G Produce Inc., sees a particular niche in working with all sizes of customers. "You never know who you're going to talk to," explains G & G's buying and sales manager for pineapples and Eastern apples, John Dohanicz. "The companies that buy one and two pallets can be more important than any single big customer. If you don't have one's and two's, you're not going to be in business. We have one customer that was initially



Rick Milavsky  
B.R.S. Produce Co.

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buying only two to four packages at a time. Now, he's pulling several straight trucks a week."

### Expanding Product Variety

Expanding lines and variety are common among PWPM merchants. "Our business keeps evolving," says Marty Roth, vice president for Coosemans Philadelphia. "We continually seek to add new products; for example, different peppers or new vegetable varieties, to fit customer needs."

Stea Brothers started carrying dried figs found only in Greece's Kimi Island. "These figs are very hard to find, and they are amazing in taste," says Frank Stea Jr., co-owner of Stea Brothers. "Everybody who has tasted them bought a box."

Ryeco's expansion into hothouse products has yielded great rewards. DiFelicianantonio reports, "We're seeing great success in the cluster tomatoes, beefsteak, tray tomatoes, and hothouse peppers — including mini ones. We get shipments every night, and 90 percent is sold within 12 hours of receiving it."

Coosemans is showcasing new Kids Choice watermelons, available in bin 45's, bin 60's and bin 36's, as well as yellow meat, orange meat, and black seedless.



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Tracie Levin  
M. LEVIN & CO., INC

"This fits the niche of marketing produce to kids," says Nelson Gonzalez, salesman at Coosemans. "It's a relatively new label, about two years old, and one of the finest growers of watermelon in the country. The bin graphics attract shoppers, but you can't fool the public on taste. You must have good quality product in the bins, and this third-generation grower is putting only the best in the box."

Nardella has expanded into more ethnic fruits. "Compared to 10 years ago, the product mix is different now," says

John Durante, president of Nardella Inc. "Ten years ago, you saw mostly apples, peaches, etc. Now we have products like dragon fruit. It's a great little niche. Our dragon fruits are booked out before they come in."

Colotti & Sons Produce is adding new products, such as more fruit and novelty items. "We're trying to reach out to customers who may be pulled in because we have these different items," says John Colotti, salesman. "For example, we have yellow mini carrots. It's not big volume, but is a big interest."

Jesse Pitt & Co. is carrying a line of plantain, banana and yucca chips to complement its line of other fresh tropical items. "We're trying to find something no one else has," says Rich Clark, buyer for Jesse Pitt. "Another niche we have is that we cater to smaller customers, because in our store, customers can quickly get in and get out."

Procacci has developed direct sales. "Last fall, we launched our online store to market niche items like fruit baskets and Italian chestnuts direct to consumers,"

states Kevin Delaney, director of marketing for Procacci. "This allows us to keep up with emerging trends in these niche markets."

### Service Opportunities

Merchants are also differentiating themselves with service. Preconditioned and ripened fruit is an evolving niche. "There are very few people who can ripen their own fruit," says Philly Produce's Daly. "Preconditioned fruit gives the customer a better eating experience. We expect to see an increase of interest in preconditioned items like avocados, kiwi, mangos and honeydews."

In June 2012, John Vena opened a ripening facility in partnership with its primary avocado supplier, West Pak Avocado Inc., based in Murrieta, CA. "The rooms have been in operation just over one year; as a result, we saw a strong uptick in our overall avocado program," reports Dan Vena, sales manager. "Real value is created for our customers, because we are able to offer Hass avocados at exactly the stage the customer specifies, from green to ready-

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to-eat. Joe Menei, our avocado ripening manager, is an artist when it comes to avocados, and customers have come to rely on the quality of the fruit he prepares. Joe also pre-conditions tomatoes, bananas, papayas and pears for us and other customers."

M. Levin has a total of 36 ripening rooms between its two locations. "Having this amount of rooms allows us to give our customers the right product at the right stage of ripeness," says Levin. "We've made an investment in our future to ensure that our customers are serviced now and for years to come."

Procacci's direct-store-delivery program to independent stores provides a

unique solution for sourcing and distribution. "We saw a niche where independent grocers needed someone to buy and distribute for them," says Maxwell. "We also recognized an additional gap in the floral business — since a lot of companies closed during the recession."

In addition to its successful customer orientation, Pinto Brothers found niches helping the supply side. "Providing services for suppliers has become more valuable with increasing freight rates and the importance of transportation," explains Penza. "Customers want produce delivered faster than ever before. An area market such as the Philadelphia Market can help shippers get their product to



Artie Diamond  
Buyer, DIAMOND PRODUCE

other customers faster, because in many cases, we already have their product here. For last minute orders or fill-ins, we get it out for them in record time."

The recent move of one of the nation's leading domestic ocean shipping companies, Charlotte, NC-based Horizon Lines, from Newark, NJ, to Philadelphia, PA, gave the PWPM an opportunity to sell produce in Puerto Rico. Newark, NJ-based freight shipping and trucking company Export Transport Co., ships regularly to Puerto Rico and is sourcing off the PWPM. "We specialize in refrigerated ocean container transportation and have been in business for over 30 years," says Jerry Markano, operations manager for Export Transport.

With offices located in the PWPM, but using terminals in Philadelphia, Newark, and Jacksonville, FL, the company offers load consolidation, custom loading, and inspections of produce being shipped to Puerto Rico. "Our location at the PWPM has many benefits from not breaking the cold chain to being able to cover shorts on last-minute orders," says Markano.

### Taking The Risk

Great reward comes only after ample risk. "It's necessary to take the risk," says

## New Trucking Venture: Finding Niches In Logistics

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MVP began organizing the business in September 2012 and was granted a license to operate in October 2012. "The company provides hands-on customer service with both customers and carriers," reports Aupperle. "From the customer side, each load is followed from pickup through delivery with real-time e-mail updates. Customers receive information on each step in the loading and delivery process via e-mail immediately when those steps take place."

Its location on the PWPM provides added benefits. "With our office in the PWPM, we're in the perfect location for both customers and carriers," says Aupperle. "This adds a personal touch to doing business with each transaction; we listen to individual customer concerns and needs and then seek the best logistical solution." **pb**



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Bill DeFelice, Joel Siegel, Jeff Moore, Peter Gabriel, Mark Levin, Lonnie Zweifel  
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Levin of M. Levin. "If you don't look to explore new items, you're going to be lost."

A successful business must always be evaluating what its next move will be, agrees Procacci. "You have to stay current with your customers."

PWPM merchants look to balance risk with expertise and a track record of success. "Everything we do is risky," states Kovacevich III. "Balancing risk and reward is an important factor in our success."

"You have to know how much risk balances out the potential," adds Procacci's Feighery. "Everything in this business is a leap of faith. Some of it works, and some of it doesn't."

"You have to be confident that the products and services you offer that make money are greater than the risk you're taking to expand," says Pinto Brothers' Penza.

Carrying niche items plays to increasing interest among customers. "Having newer

varieties or items provides an interest to attract customers to come in," says Colotti.

"Niche products bring in customers who might not come in otherwise," advises Ryeco's DiFelicianantonio. "For example, we attracted a new customer with the hothouse product, and now he comes in to check out our purple potatoes or fennel. This helps him expand his business and we learn more about how we can serve him."

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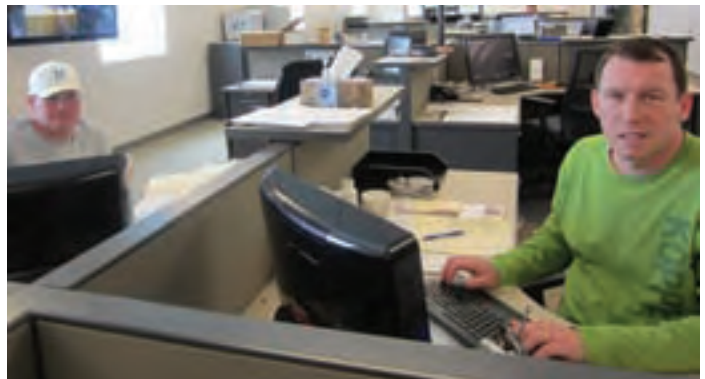
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Keith Reilly and Mike Reilly, Jr. RYECO, LLC

volume items just for the novelty factor. "A niche item brings people in for other items," says Levin of M. Levin. "People come in for the grapes, fresh olives, or figs, and then take something else. It gets them in the door. Unfortunately most people scratch their niche items because they're not big movers. They lose the opportunity to capture customers who might come looking for those items."

"It helps to be known for something

new," agrees Stea Jr. "You have to create excitement for the customers. Find things they haven't seen before."

Information and education are important aspects. "As soon as my customers see publicity about something new, they want me to find it," says Tom Curtis, owner of Tom Curtis Produce Company, a brokerage business serving a mix of customers on East Coast and a buyer on the PWPM. "My role is to educate my

customer; to find out the details of season, pricing packaging. The market helps me find this information in one place."

### A Quality Niche

Wholesale markets have long been known for catering to many different segments, but the PWPM has evolved to represent a higher quality offering. "Markets have always had a bit of everything for everybody, but we're seeing a

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huge quality emphasis from our customers," reports Fadi Abi-Khattar, president of Klinghoffer Brothers, Inc.

"Philadelphia has always been quality-oriented," states Procacci. "We have companies in this marketplace that are outstanding at what they do. We've always tried to be the best and offer the best."

"Historically, the markets have always been where you get the freshest, highest

quality produce," Ryeco's DiFelicianantonio points out. "In other places, there are more levels of handling. Here the product comes direct from the field."

Customers are increasingly discerning. Abi-Khattar relates, "Our customers come in and really look through the product. They'll pick up clamshells and turn them over and over. If there is one bad berry or tomato, they'll put it back and pass us up.



Tom Curtis and Anthony Stea  
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"Our customers have high demands, and if it's not perfect, then they don't want it," agrees Coosemans' Roth. "There's not much of an alternative outlet anymore."

The PWPM allows for quality maintenance. "Quality has to be spot-on," says Curtis. "This market allows me to buy and inspect the product before it's shipped to my customers. The state-of-the-art cold chain and cold staging areas eliminate a lot of returns or problems on my end."

Pinto's Penza adds, "We must meet the needs of two niches: our walk-in traffic as well as the more typical wholesale distribution customers. My business and facility need to be at the highest standard for all."

Shippers benefit as well from Philly's quality niche. "An important part of keeping our niche is our relationship with our shippers," says Abi-Khattar. "When our shippers work with us and send us great product, it helps us best serve our customers and maintain our niche of good quality and value in this marketplace."

"This facility protects the produce from the elements," explains B.R.S.'s Milavsky. "Here, you have very few mistakes, as far as delivery or handling, since everything is





John Black  
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Mr. Singh, Buyer on The Market and  
Ted Kean, E.W. KEAN CO., INC.

color-coded and the docks are easy to get in and out of. The nice smooth surface means nothing gets bumped or bruised. Shippers know their product maintains its integrity throughout our facility."

The new building has paved the way for optimum quality and food safety. "With all the increased emphasis on food safety and the confidence customers and shippers need in the supply chain, you can't build a new facility and not do what we did here," states Penza. "This building

matches the standards of the off-market distributors and wholesalers. We're not comparing ourselves to other markets; we're comparing our abilities with other state-of-the-art distribution centers."

"We now have the ability to maintain product in better condition and for longer periods of time," says Tracie Levin, general manager of M. Levin & Co. "The old days of an open-air market where product is melting in summer or freezing in winter are gone. Our shippers want to

showcase their best product here because it's a great backdrop."

### Customer-Driven

Identifying and capitalizing on new niches often begin with the customer. "New opportunities come by working together with our customers to identify products they need," says Coosemans' Roth.

"Leads often come from customers," states Procacci's Maxwell. "You just have to listen and sometimes walk in their shoes.

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Our job is to work with the customers, find the solution to their need, and get a product with good value and good legs to them."

PWPM's varied customer base offers lots of opportunity. "Selling niches is not about bringing in a lot of product and pushing it out," says Ryeco's DiFelicantonio. "It's about looking at customer needs and fitting inventory to what they request. The many immigrant communities provide ample opportunity for selling niches and differentiation."

"Our customers are very smart, and we can learn from them," says Gonzalez with Coosemans. "The type of customer we serve has broadened over the years and now includes many different ethnicities like Indian, Chinese, Latinos, Vietnamese, and West African, among others."

"The ethnic customers buy products year round that were seasonal years ago, such as apples," explains Nardella's Durante. "A few of my best Chinese customers buy just as many apples in August as in December."

Gleaning knowledge works both ways. "Sales is about education," says Durante. "Sometimes the customer doesn't know the product and you need to be the educator. Other times, the customer knows it before

you do, so you need to get educated."

"The needs change every day, so listen well," advises Procacci's Feighery. "As for what the needs will be tomorrow, we don't know, but we find them as we go."

### Tools Of Technology

PWPM companies build success on the foundation of the past with the tools of the future. "Each generation has wondered how the next generation will survive but they do," states Mark Levin of M. Levin. "I always ask the next generation of the industry about this, and their answer is, 'The same way you did — with hard work and new technology.'"

Vena credits the technology of his computer system as supporting niche development. "We sell 500 to 600 items a

**"This building matches the standards of the off-market distributors and wholesalers. We're not comparing ourselves to other markets; we're comparing our abilities with other state-of-the-art distribution centers."**

—Todd Penza, Pinto Brothers Produce

day," he explains. "Without a robust system, we couldn't keep track of inventory."

The Internet and social media are other beneficial technological outlets for business. M. Levin uses a Facebook page to reach customers, the public and vendors. "We use it to keep them updated on what we're doing," says Tracie Levin. "Our website has our company history, information on our products, and sections to meet our family and meet our salesmen."

John Vena, Inc. uses online and social media applications. "We have an interactive website for customers," explains Katharine Mandia, marketing coordinator for Vena. "We use technology to work with customers to educate them on products. We're also using social media to interact with consumers and customers."

**pb**



# Philly Merchants Give Back

Located in the City of Brotherly Love, the merchants of the Philadelphia Wholesale

Produce Market gladly share the responsibility of providing for the less fortunate. **BY JODEAN ROBBINS**

**T**he Philadelphia Wholesale Produce Market (PWPM) and its merchants place great importance on giving back to the community. "PWPM is involved in donations or charitable giving on a daily basis," reports Sonny DiCrecchio, president/CEO of the PWPM. "The organizations we donate most to include Philabundance, Stenton Manor Family Home, Ron Jaworski's Youth Foundation called Jaws Youth Playbook, the Gary Papa Run for prostate cancer awareness, American Diabetes Association, American Cancer Society, Eastern Service Workers Association, American Arthritis Foundation and the American Red Cross."

One of the PWPM's biggest recipients is Philabundance. Established in 1984, Philabundance is the Delaware Valley's largest hunger relief organization serving 65,000 people each week in nine counties in Pennsylvania and New Jersey. "We work to alleviate hunger by distributing food to people in need through a network of close to 500 neighborhood food pantries and a number of direct neighborhood distribution programs like Fresh For All," explains Bill Clark, Philabundance president and executive director. "Fresh For All is like a traveling farmers market that sets up in 12 locations across the Delaware Valley at the same time, and each week provides fresh produce to people who need it."

Donations from the PWPM are a vital part of Philabundance's ability to provide access to nutritious food. "PWPM gives 9.7 percent of our overall pounds and 29 percent of our produce for donations," says Clark. "Philabundance sends our truck to the PWPM five days a week. The PWPM vendors are so generous, they gave 2.4 million pounds, or more than 1,206 tons, of produce in fiscal year 2012."



In cooperation with the United Fresh Produce Association's United Fresh Foundation, PWPM donated a salad bar to promote healthy eating and good nutrition in school lunches.

Over 700 high school students at the Esperanza Academy Charter School in the inner city neighborhood of Hunting Park, Philadelphia, received improved access to fresh fruits and vegetables this past school year through the generosity of the PWPM. In cooperation with the United Fresh Produce Association's United Fresh Foundation, PWPM donated a salad bar to promote healthy eating and good nutrition in school lunches. The high school is dedicated to providing quality education that prepares critically thinking, socially capable, spiritually sensitive, and culturally aware young adults who can use English, Spanish, and technology as tools for success.

## Individual Contributions

In addition to what is contributed collectively at the PWPM, individual businesses also support a number of charities. "Many groups from all over Philly solicit donations for programs serving lower income areas," says Fadi Abi-Khattar of Klinghoffer Brothers, Inc. "There is a big need for produce among these groups and communities."

Nardella contributes to the Little Sisters of the Poor. Richard Nardella, the company's CEO, explains, "Our donations help support their work at the Holy Family Home, a facility taking care of the elderly poor."

John Colotti of Colotti & Sons, Inc., donates product to the Variety Club, a nonprofit organization providing programs and services to special-needs children.

Stea Brothers Inc., contributes to the Eastern Service Workers



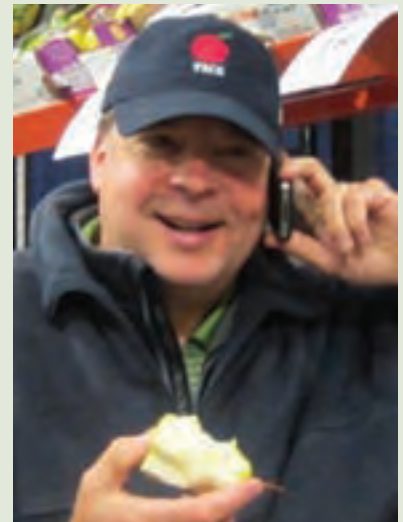
One of the PWPM's biggest recipients is Philabundance, Delaware Valley's largest hunger relief organization, serving 65,000 people each week in nine counties in Pennsylvania and New Jersey.



Richard Nardella  
NARDELLA, INC.



Frank Stea, Jr, STEA BROS. and  
Fadi Abi-Khattar, KLINGHOFFER BROS., INC.



Tom Kovacevich III  
T.M. KOVACEVICH PHILA., INC.

Association. "This group provides fresh produce to areas that otherwise would not have access to it," says Frank Stea Jr.

In addition to product donations to various charities, T.M. Kovacevich also gives back by supporting young artists through mural painting activities in its warehouse. "Nothing is more satisfying and nurturing to the soul than giving back," says the general manager, Tom Kovacevich III. "This is a core value we strive to instill."

Several companies are recognized as contributing significantly to Philabundance. "We regularly have PWPM vendors on our year end Top 20 Donors list," reports Clark. "Our 2011 Community report featured Procacci Brothers, Ryeco, LLC, and Paul Giordano & Sons. Over the years, companies and individuals at PWPM have not only generously given produce but they have also partnered with us in other ways. From deferring trucks with distressed product our way to inviting us to Market events, they have shown their support for our mission to end hunger."

"We personally support Philabundance in a very large way," reports Mark Levin, CEO of M. Levin & Co. "We also donate produce to every marathon run there is in the tri-state area."

In addition to the long-standing relationships with local food banks, such as Philabundance, Procacci Brothers developed partnerships to promote healthy eating to children living in underprivileged areas. "One example is our partnership with a local nonprofit called Shared Ground," says Kevin Delaney, director of marketing for Procacci. "This organization teaches children how to grow their own fruits and vegetables, and then shows them how to cook and incorporate fruits and vegetables in healthy meals."

### Motivation

For the PWPM merchants, giving back is foundational to their business. "It's something that has been instilled for generations," says Levin. "When my grandfather started this business, everything

was done by handshake; times were tough, and people worked together to get through tough times. Lending a helping hand to the less fortunate is part of that legacy."

PWPM's DiCrecchio states, "The contributions are important for many reasons, most notably, to increase the awareness, exposure, and benefits of eating a well rounded, healthy diet that includes fresh fruit and vegetables. These organizations are deeply involved in communities that lack suitable access to fresh produce. We are in a unique position to provide access for individuals and families."

Contributions provide a healthy alternative for many who otherwise would not have these options. "There is a need for fresh produce in the communities served by these organizations," says John Vena, president of John Vena Inc. "The people in these areas should have access to fresh fruits and vegetables regardless of their situation. We can help."

"Fresh fruits and vegetables are vital in a well balanced diet, and they are usually the first things cut from the grocery list when money gets tight," says Philabundance's Clark. "The high quality donations we get from the PWPM allow us to provide the people we serve with healthy, fresh fruits and veggies they would otherwise lack."

Marty Roth, vice president of Coosemans, agrees, "Many of these individuals wouldn't have access to fresh fruits and vegetables without our donations."

Charitable produce contributions also help promote a healthy lifestyle. "Donating to runs and walks helps expose people to eating produce," says Tracie Levin, general manager of M. Levin. "Instead of giving them a granola or candy bar when they cross the finish line, it's much better to give them a banana."

"Produce contributions to food banks affect childhood obesity and health issues," says Todd Penza of Pinto Brothers. "Our donations can help not just feed people but increase access to healthy foods and affect future eating habits."

**pb**



# Le Virtù Celebrates 'The Virtues' of Produce



PHOTOS COURTESY OF LE VIRTÙ



Centuries-old traditions bring produce flavors to forefront. BY JODEAN ROBBINS

**O**n a quiet street in South Philadelphia, diners can be transported to Italy's wildest and most unspoiled region of Abruzzo. Restaurant Le Virtù is one of a few restaurants in America dedicated to the culinary traditions of a specific region in Italy and is one of the country's most authentic Italian dining experiences.

"The inspiration for Le Virtù (The Virtues) comes from our experiences at the tables of family, friends and farm restaurants all over Abruzzo," says executive chef Joe Cicala. "Every dish we prepare is rooted in or inspired by Abruzzese culinary tradition, ingredients or philosophy."

The 60-seat restaurant grosses about \$1.8 million in sales annually and transforms to 120 seats in the summer with outdoor patio seating. It is owned by husband and wife team Francis Cratil-Cretarola and Cathy Lee, and the kitchen is operated by Chef Cicala. Cicala's wife, Angela Ranalli, serves as Le Virtù's pastry chef.

The entire restaurant, from decor to cuisine, revolves around representing the Abruzzo region. Cratil's family is originally from Abruzzo and both the Cratils and Cicala's make frequent trips to Abruzzo to re-immers themselves in the culture that they've modeled the restaurant after. "We come back with new ideas,

strengthened relationships with producers, and new inspirations," says Cicala. "We remain dedicated to showcasing all this area of Italy has to offer."

Le Virtù also hosts Abruzzese vintners, musicians and other artists in Philadelphia when they can make the trip. "The Cratils are very involved with social and charitable groups in Abruzzo," reports Cicala. "Groups include Let's Blog Abruzzo as well as Tratturo Magno, which herds sheep through the mountains of Abruzzo twice a year."

## Rustic Yet Refined

Cicala's rustic yet sophisticated Abruzzo cuisine is founded in produce. "Produce is very important to our menu," says Cicala. "It ties in to our cuisine both culturally and economically. We try to make fruits and vegetables the star of certain dishes, especially when they are in season. We also use produce items to accommodate and accent meats and fish by highlighting the characteristics of its partner on the plate."

Produce accounts for 75 percent of the menu in the spring, summer and fall, and about 50 percent in the winter. The menu varies by season. "We sometimes have minor changes as many as three to four times a month — depending on the ingredients," says



Agnolotti alla porchetta

Cicala. "However, major changes happen seasonally."

There is ample use of produce throughout the menu. The Antipasti includes a flavorful namesake soup made of 49 ingredients including a majority of vegetables. The Insalata di Rucola features mixed heirloom arugula and sliced Bartlett pears dressed with mosto cotto and shaved Abruzzese pecorino. Charred octopus is complemented by red onion, potatoes, arugula, frisée and lemon vinaigrette. The Affettati (an assortment of house-cured meats and antipasti) embraces a savory selection of grilled artichoke, eggplant, and red and yellow peppers.

The commitment to produce does not fade in the Primi, or pasta selections. The Risotto di Farro is paired with clams, mussels, and Gulf Coast shrimp with roasted tomato, red onion and almond pesto. House-made Abruzzese-style sausage is complemented by porcini, black truffle and Navelli saffron. An artisanal tagliatelle creatively uses pistachio pesto.

The Secondi main plates continue the produce sideshow. The tender Porchetta mingles perfectly with cannellini beans and broccoli rabe. A whole roasted Orata (fish) is served with a lemon-potato purée. Roasted Lancaster County chicken joins red onions, potatoes and carrots.

Ranalli's desserts (or Dolci) offer the perfect ending to a gratifying meal. The delicate flavors of the Delizia al Limon blend lemon cream and white chocolate ganache over a basil shortbread crust with a garnish of fresh basil. The Semifreddo al

Torrone di Cioccolato merges dark chocolate semifreddo, torrone crumble, salted caramel sauce and whipped cream. The Crostata di Mirtilli showcases blueberries in a flaky butter crust with mascarpone gelato.

### Looking For Authenticity

The quality and authenticity of the produce is crucial to the restaurant. "Italian cuisine, especially in the South, is mostly vegetarian," explains Cicala. "It's very rural there and the economy doesn't allow much of a market for meat, normally it's a special occasion item. Our philosophy is to find the best produce available and do as little as possible to it — a little oil, garlic, red chili flake, salt and pepper and that's it — because that's how vegetables are treated in southern Italy."

The restaurant sources from a variety of locations. "We source all we can from the 'terra' surrounding Philadelphia," says Cicala. "We get naturally raised pork from Berks County and our lamb, chicken and rabbit from Lancaster County. What we can't find locally, we import from Abruzzo — items like artisanal honey and cheeses (some of the rarest in America), L'Aquila saffron, extra virgin olive oil for finishing dishes, dried pastas and even the flour we use to make our fresh pasta."

Produce purchases average about \$1,500 per month and also focus on local and seasonal when possible. "We source from local small farms in Lancaster, Bucks County and Southern New Jersey when in season," states Cicala. "The items we can't source locally, especially in the winter, we

procure through FarmArt (a produce distributor located in Philadelphia, PA) and the PWPM."

Quality and authenticity are the criteria for sourcing seasonal produce. "We look for in-season, organic, pesticide-free, and sustainable items," says Cicala. "We also work with our farmers to build a stock of indigenous produce from Italy. For example, Green Meadow Farm in Gap, PA, is growing Italian Sulmona red garlic for us as well as a variety of hard-to-find Italian heirloom peppers and bitter greens."

While most of the produce goes into edible applications, the restaurant found a unique use for one produce item. "We use lemon juice for cleaning, disinfecting and polishing our copperware," reports Cicala.

Le Virtù appeals to a broad base of customers. "We see a mix of Center City young professionals as well as suburban families frequenting our restaurant," says Cicala. "We also have a lot of customers with familial roots in Abruzzo or southern Italy."

The passion of those behind Le Virtù seeps from every corner of the restaurant and menu. "Our innovations are inspired by and emerge from an understanding of and respect for tradition," says Cicala. "We welcome our guests in the Abruzzese spirit as honored friends who we want to feel at home. We encourage them to relax, linger and savor the experience."

**pb**



### Le Virtù

1927 East Passyunk Ave.  
Philadelphia, PA 19148  
Tel: 215.271.5626

#### HOURS:

Monday - Thursday:  
5 p.m. - 10 p.m.

Friday & Saturday:  
5 p.m. - 10:30 p.m.

Sunday:  
4 p.m. - 9:30 p.m.

Tuesday:  
BYO night (WINE ONLY)



# 320 Market Café



PHOTOS COURTESY OF 320 MARKET CAFÉ



**Family-owned and -operated market retails produce and café food in an amiable atmosphere.** BY JODEAN ROBBINS

**T**he 320 Market Café offers a surprising shopping experience for those entering through its unassuming doors. Once inside, one could very well be in a tiny corner market in Europe facing a delectable assortment of cheeses and farm-fresh produce and sniffing the tantalizing aroma of fresh-baked bread.

Upon entering the store, customers are greeted by an inviting display of large vibrant red strawberries in old-fashioned green picking cartons. Across from the strawberries is an enticing presentation of tomatoes positioned like they were just picked from the field. The market is bustling with customers excited about the fresh variety of food.

"Our philosophy is to offer high quality, freshly prepared foods," says co-owner David Cunicelli. "We want our customers to feel comfortable in understanding where the food comes from."

Cunicelli, who co-owns the business with his brother, Jack, came into it unexpectedly more than 20 years ago after graduating college with a major in French. "My father had invested in a small produce market with a friend, and it wasn't doing too well," he explains. "I felt the need to come in and help turn the business around. The European orientation in my studies helped me bring a more European approach to the business. Once we started really focusing on how we could differentiate ourselves

with produce, we were able to turn the business around."

Although the market's 3,000 square feet may not be extensive from a size standpoint, it moves a substantial volume of produce — close to three quarters of a trailer a week. The store, located on South Chester Avenue and Route 320 in Swarthmore, PA, focuses on quality offerings and frequency of purchase to move product. "There is so much business in food right now," says Cunicelli. "We get people coming in seven days a week to buy something. Our customers are looking for home-quality in a convenient setting."

Produce is a major element of the store and contributes about 75 percent to overall store sales. "Produce is the lifeblood of our store," he says. "From retail to prepared foods to value-added, it's a crucial component. We're unique because of our background as a produce market. The quality of our produce, both in the retail section and in our prepared foods, attracts customers."

Over the years, Cunicelli increased focus on prepared foods and value-added. "We've always been known for having high quality produce items," he says. "But as a business, we needed to mitigate the risks and losses in retail produce. By expanding our value-added business, we've been able to capture more sales, make better use of the produce and increase our profitability."

## Smart Sourcing

The Market's success is largely based on sourcing quality product at fair price points. "Our customers look first and foremost for quality," says co-owner David Cunicelli. "Our success comes from having the quality and assortment that our customers expect. We're unique in how we source because of our background in produce combined with our focus on prepared foods. The way we buy produce is very different."

Cunicelli's buying criteria focuses on flavor and quality. "There are other issues," he states. "However if the flavor and quality aren't there, the rest is unimportant. Those main center-plate flavors are what we look for both to uphold the quality of our retail product and for use in our prepared foods."

He sources 85 percent of product from the Philadelphia Wholesale Produce Market (PWPM). The rest comes from local growers, a few direct buying relationships, and a general distributor. The 320 Market's produce purchases total about \$2 million a year.

"We've had relationships with local growers and the PWPM vendors for over

20 years," he states. "Our suppliers are a crucial part of our business. We go out of our way to make sure that we treat them fairly. We cultivated the relationships that allow us to get exactly what we need."

Cunicelli notes that the biggest benefit of the PWPM is the expertise of the market vendors. "I love going down to the market and comparing product," he explains. "Even the same item can taste different if it came from a certain area or a specific grower. The PWPM gives me the venue to compare items and learn more from those handling the product. The knowledge of the operators there is a real asset."

He visits the market six days a week, enjoying the interaction with various market vendors to compare products and learn. "Touching and seeing the product you buy is invaluable," he adds. "It's not always about availability. Sometimes it's about seeing the dynamic aspect of one item versus another or one brand versus another. You can't receive that knowledge or quality results by sitting behind a desk e-mailing orders."

**pb**

## A Produce Reputation

The small store's produce retail section is only about 32 linear feet total but is impeccably organized. Close to 100 different items are displayed market-style. A 16-foot refrigerated case lines one wall boasting a vast assortment of fruits and vegetables from asparagus to herbs to rambutan. The opposite side of the same aisle is lined with 16 feet of movable tables showcasing non-refrigerated items including potatoes, melons, bananas, and pears.

The store's reputation hinges on quality produce despite the decreased size of the retail section to accommodate more prepared foods. Cunicelli explains, "We originally focused our produce department around two items large retailers just can't do well such as: strawberries and tomatoes. We became known for having the best strawberries and tomatoes, and customers sought us out for those. Our reputation for other items just grew from there."

There are various value-added sections

throughout the store. At the end of the produce aisle, a 6-foot refrigerated case proudly displays a unique selection of Market-made salsas, soups, and salads. A 6-foot refrigerated case near checkout offers a variety of fresh-cut melons, berries and fruit salads. Another 6-foot case on the other end of the checkout provides a variety of appealing grab-n-go salads complete with dressings. "One of every three people who come into our store buys a salad," Cunicelli reports.

The layout of the store roughly stays the same all year long. "In the produce section, some items will be more prominent depending on seasonality," says Cunicelli. "But overall, our layout is the same year-round."

Cunicelli believes that one key element to the Market's success is the combination of quality produce with the value-added. "We love the lead time that we have since we can bring in good quality produce for our retail section and then use it in our

prepared foods or value-added once it hits a certain stage," he explains. "Having time on the shelf is a benefit for us, because it is then in perfect condition to use in our kitchen."

## Wide Customer Range

The store serves a wide demographic of customers. "We have older people, young professionals, and working-class individuals in the neighborhoods surrounding us," he says. "They all frequent the store, even if for different purposes. The working-class customers mainly come in for sandwiches or some of the prepared foods. The upper income customers will shop for produce and gourmet cheeses. We try to have a little something for everyone."

The Market also provides catering services. "We cater for a lot of upper income customers who have parties at home," Cunicelli explains. "We also provide catering for some of the educational institutions in the area."

The Market does provide a little extra incentive to purchase some of the prepared foods by sampling, but overall promotion is not needed much in this business model. "We do some signage with usage suggestions but not a lot," he says. "In general, the merchandising itself promotes the products."

Cunicelli and the 320 Market are bullish on the future. "We are just getting started with what we can do," he says. "There is so much potential in our business model. In six months, what we can become is going to be amazing!"

**pb**



### 320 Market Café

713 S. Chester Ave.  
Swarthmore, PA 19081

#### HOURS:

Monday - Friday:  
8:30 a.m. - 7:00 p.m.

Saturday:  
8:30 a.m. - 6:00 p.m.

Sunday:  
8:30 a.m. - 5:00 p.m.





# Philadelphia Wholesale Produce Market

COMPANY NAME	UNIT #	PHONE	FAX
A. Vassallo, Inc.	F-6	215-336-1984	215-336-7955
B.R.S. Produce	D-2 to D-4	215-336-5454	215-336-5220
Collotti & Sons	I-7 to I-8	215-389-3335	215-755-9616
Colonial Produce	D-1	215-748-6650	215-336-2134
Coosemans Philadelphia	A-7 to A-9	215-334-3634	215-334-3636
E.W. Kean Co.	D-1	215-336-2321	215-336-1596
G & G Produce, Inc.	F-7 to F-8	215-336-9922	215-336-9925
G.K. Produce	B-6	215-336-3551	215-336-3544
Hunter Bros. Inc.	H-8 to H-9	215-336-4343	215-336-4340
Jesse Pitt Company	I-9	215-336-5325	215-389-1490
John Vena, Inc.	F-1 to F-5	215-336-0766	215-336-2812
Kaleck Brothers, Inc.	B-5	215-336-3027	215-551-1083
Klinghoffer Bros.	C-8 to C-9	215-336-3800	215-336-5234
M. Levin & Company, Inc.	H-2 to H-5	215-336-2900	215-755-6757
Nardella, Inc.	G-4 to G-6	215-336-1558	215-336-5757
Norm & Lou's Cafe	C-1	215-336-4848	215-271-2416
Paul Giordano & Sons, Inc.	D-7 to D-9	215-755-7900	215-755-7160
Philly Produce, LLC	H-6 to H-7	267-338-2580	267-338-2579
Pinto Brothers, Inc.	G-7 to G-9	215-336-3015	215-336-5422
Procacci Brothers Sales Corp. / Garden State Farms	I-4 to I-6	215-334-1400	215-339-0974
Quaker City Produce Co.	B-1 to B-3	215-467-5000	215-336-4416
Ryeco, LLC	C-3 to C-7, D5- to D-6	215-551-8883	215-551-9036
Stea Brothers, Inc.	B-7 to B-8	215-336-7806	215-336-2194
T. M. Kovacevich - Philadelphia, Inc.	A-1 to A-6	215-463-0100	267-790-0442
USDA Inspection Service	C-2	215-336-0845	215-336-2051
Wick & Brother, Inc.	G-3	215-336-2252	215-336-2255





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PHOTO TO LEFT COURTESY OF COOL RUNNINGS LTD. PHOTO TO RIGHT COURTESY OF HENRY LEE.

About 97 percent of U.S. trucking companies own 20 trucks or less, while 90 percent of produce trucking operations have five trucks or less.

# Regulations Mount On Deregulated Trucking Industry

Trade says regulations are hurting business, increasing costs, affecting service. **BY BILL MARTIN**

**P**lenty of questions surround the issue of a driver shortage in transportation — especially when it comes to hauling produce. With millions of Americans still unemployed, how could a driver shortage even exist?

The debate has been going on for decades and stretches to whether owner-operators are on the verge of extinction. There is even talk of railroads being a viable alternative to solving these issues.

## The Driver Shortage

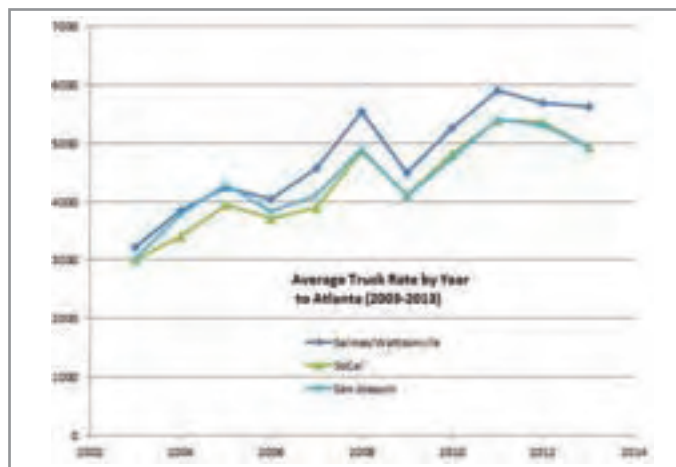
The location American Trucking Association reports a shortage of roughly 20,000 truck drivers each year and says it is only going to get worse. However, Kenny Lund, vice president of Allen Lund Co. of LaCanada, CA, says the driver shortage is primarily with the larger fleets.

“If you have 300 trucks and you have to come up with 300 drivers to fill those seats, you may have a driver shortage,” he states. “But produce transportation is dominated by the owner-operator. An owner-operator by definition doesn’t have a driver shortage. He is the driver — the owner. He doesn’t have to recruit anyone. I don’t see this as a driver shortage; it is whether [owner-operators] can continue to exist in a highly regulated industry.”

As a truck broker, Lund uses over 20,000 carriers, mostly owner-operators, while arranging over 200,000 loads a year, with refrigerated freight accounting for 40 to 45 percent of the total. Lund notes that 97.2 percent of U.S. trucking companies own 20 trucks or less, while 90 percent of produce trucking operations have five trucks or less.

“In produce, what people don’t understand is that hauling is absolutely dominated by the small carriers,” Lund says.

Fred Plotsky, president of Kenosha, WI-based Cool Runnings Ltd., ponders, “Why is there a driver shortage when there are millions people



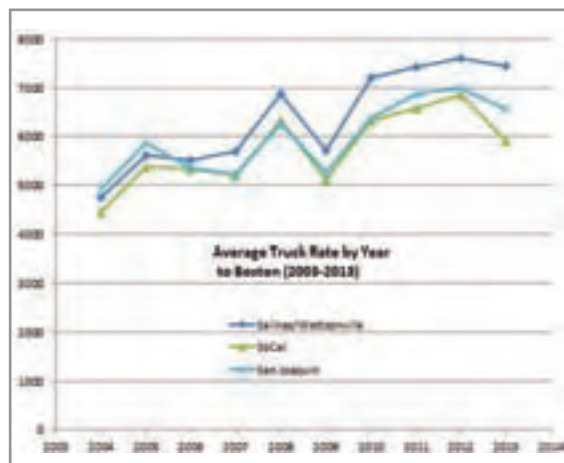
DATA COURTESY OF AGRICULTURAL MARKETING SERVICE, USDA

out of work, and you can’t fill a truck driving job?”

Plotsky’s great grandparents emigrated from Europe to the U.S., and lived with their parents until they could make it on their own. He has relatives that came to the U.S. from Mexico, worked two jobs at a time, and provided their kids with an education without any government help. He believes the primary reason there is a driver shortage is due to excessive government handouts, including too many people receiving unemployment benefits.

Doug Stoiber is vice president of L&M Transportation Services of Raleigh, NC. He sees a long-term solution to the driver shortage coming with technology, particularly with driverless cars and trucks on the roads. “Some states [California, Nevada and Florida] already have a few driverless automobiles on the highways,” he says.

“Poor treatment of drivers by too many shippers and brokers does



DATA COURTESY OF AGRICULTURAL MARKETING SERVICE, USDA

not help the trucking situation,” according to Jimmy DeMatteis, president of Des Moines Truck Brokers of Norwalk, IA. “You have to treat these drivers like real people; like the valuable people they are,” DeMatteis states.

He also believes excessive government rules and regulations are harming the trucking industry. Specifically, he cites the new hours-of-service rules recently implemented that further limit the driving hours. He also says that “jobs are destroyed in this supposedly deregulated trucking industry” by the CSA-2010, which is a set of rules administered by the Federal Motor

Carrier Safety Administration (FMCSA) that rate the safety of trucking companies. “At any one time, 35 percent of the trucks are going to be rated as unsafe, no matter how many trucks are placed out of service,” says DeMatteis.

To compound matters for the produce industry, Lund from Allen Lund Co. says it seems the bigger truck lines are doing everything they can to make it tougher on owner-operators. He lists examples such as big carrier support of CSA-2010, hours-of-service changes, and pushing for electronic onboard records (EOBRs) — all of which add to the

costs of operation for owner-operators.

Lund also remains very vocal over large carriers “being fine with California Resources Board (CARB) rules. The big trucking companies rotate their fleets every five years. It’s the owner-operators who are buying the fleets’ used trucks. So the large carriers are fine with the regulations that say anything seven years and older is no longer acceptable in California.”

One truck owner, Henry Lee of Ellenwood, GA, backs Lund’s accusations. Lee operates a 2001 Peterbilt truck, pulling a 2006 refrigerated trailer.



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"I can't legally truck in California after the end of this year due to the CARB rules," Lee says, noting his trailer will be seven years old and require expensive updating to comply with CARB.

To replace the motor on his trailer's SB-310 refrigeration unit will cost about \$10,000, even though the unit still remains in good working condition. Lee recently spent \$14,000 overhauling his Caterpillar C15 diesel engine.

"I've quit going to California. Instead, I'm running my rig between the Northeast and Southeast now," says Lee who has been trucking since 1997.

### Retaining Drivers

Stoiber of L&M Transportation points out some trucking companies have a driver turnover rate exceeding 100 percent. "The truck owner can increase the rate per mile that he pays drivers, increase the pay on employee benefits, and increase the amount invested in driver training," says Stoiber. Yet, he says, this can be difficult because of the increasing cost of benefits — such as health care for employees.

Plotsky at Cool Runnings says he does not see an answer to the high driver turnover rates "as drivers just go someplace else to drive. It's like a carousel."

Lund notes the driver shortage would be even worse if the California bureaucratic machine wasn't deterring so many jobs from the state. He says less produce is being grown in California as more farmers shift operations to Mexico. "South of the border is growing better produce than ever, the Mexican infrastructure is improving, and there is less bureaucracy," says Lund.

Lund believes that California is the greatest production area in the world, and the government is killing it with excessive regulations.

### Trucking Services

When trucking services are adversely affected, the blame tends to land on the government's repressive rules and regulations. Kerry Byrne, executive vice president of Total Quality Logistics LLC (TQL) based in Cincinnati, OH, believes issues faced by the trucking industry adversely affect trucking services. "The ability of drivers to adapt to and work within confines imposed by industry and regulatory agencies is one of the most important factors driving transportation trends," Byrne says.

Rob Goldstein, president of Genpro Inc. in Rutherford, NJ, agrees, stating that the newly implemented hours-of-service rules contribute to the driver shortage. This is because drivers work fewer hours, and their trucks make fewer

turn-arounds for additional loads; therefore, more drivers and equipment are now needed.

Lund supports the notion that owner-operator service is also affected by excessive rules and regulations. "Owner-operators dominate produce hauling on cross-country trips. The carriers that haul for us have 25 trucks at most. We work with over 9,000 refrigerated carriers, and they are mostly guys with five trucks or less," Lund says.

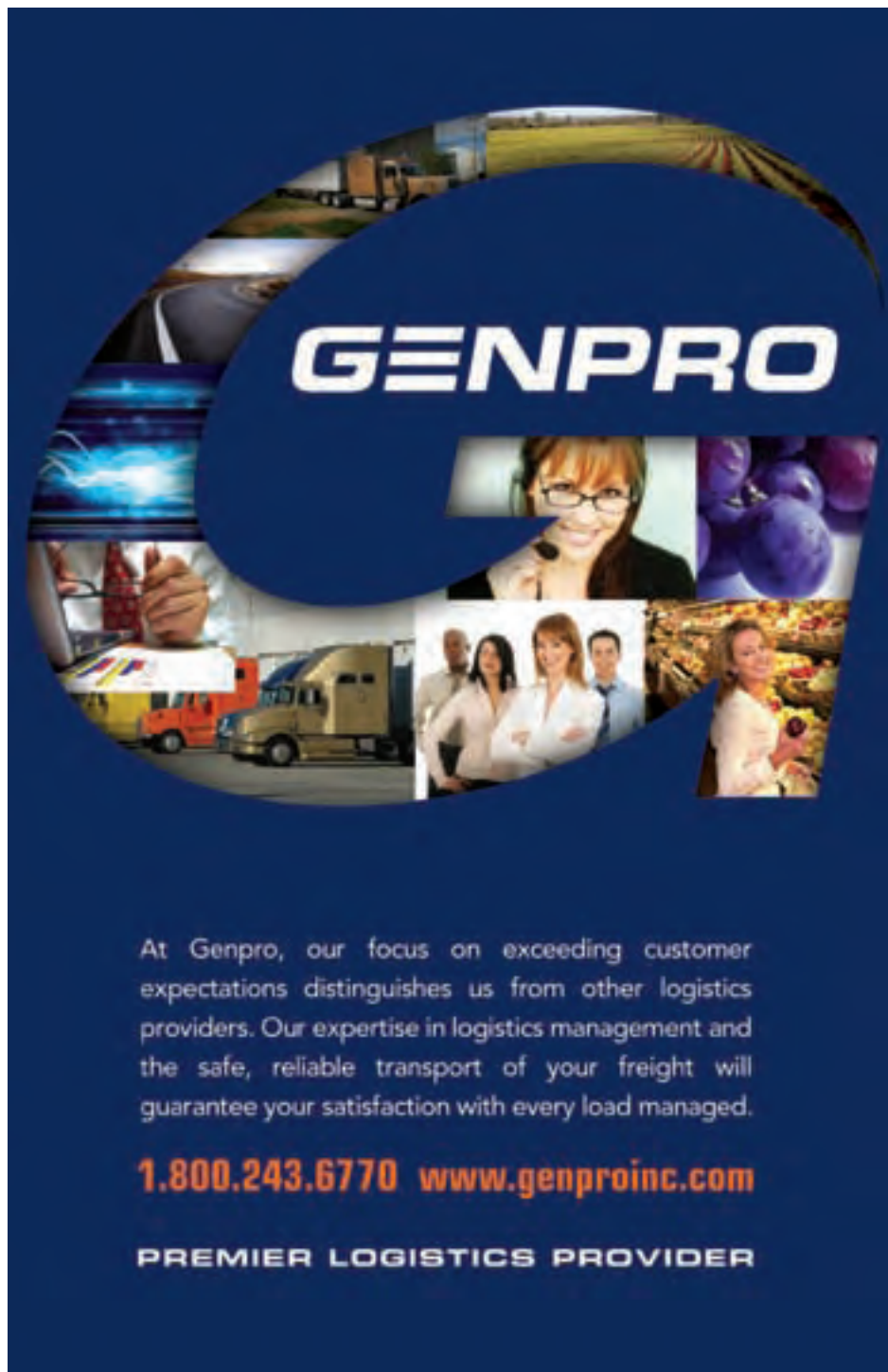
### Produce Trucking Rates

The cost of rates on produce loads has

actually been somewhat lower the past year or two, partly because of lower diesel fuel prices and the lack of bumper produce crops in California on most items. (See 10-year chart on produce rates.) Yet, any conversation about added costs soon turns to government interference in the marketplace.

Goldstein at Genpro says rates have to go up to counter the increasing costs of operation caused by everything from hours of service, to CARB, to new emission standards for diesel engines.

Lund contends that California summer



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## PRODUCE TRUCKING AND ITS EFFORTS TO BECOME MORE 'GREEN'

**E**fforts to make long-haul trucking more environmentally friendly is making progress, but not without cost.

Jimmy DeMatteis, president of Des Moines Truck Brokers of Norwalk, IA, calls the California Resources Board's (CARB) rules for the environment "ludicrous" because of the expenses involved for those who have to comply.

DeMatteis is a part of SmartWay, which launched in 2004 as a voluntary program administered by the Environmental Protection Agency to improve the environment and reduce fuel consumption.

However, Kenny Lund, vice president of Allen Lund Co. of LaCanada, CA, says, "The California CARB program has hijacked the SmartWay program; we think that it is a disaster. SmartWay is a volun-

tary program that has been very successful. But what California did was make it (CARB) mandatory on 53-foot trailers, dry and refrigerated. We don't even think it [CARB] is legal, because you have to go through a rulemaking process on regulations like that."

Fred Plotsky, president of Kenosha, WI-based Cool Runnings Ltd., says he has done business with a couple of customers requiring his company to be a part of SmartWay. Yet at the same time, they are telling Cool Runnings to "watch your carbon footprint." For example, Cool Runnings was required to send a truck 100 miles out of route to pick up nine packages of fruit because the customer wanted to save \$3 a box buying direct.

"What does that do for your carbon footprint?" Plotsky asks. "Their buying

initiative isn't necessarily in agreement with their corporate green initiative."

Lund cites another example where sustainability could be improved. He explains that each state has a different fuel blend, "which is killing the refineries" who have to shut down operations to make the bi-annual fuel blend changes. Lund says that a national fuel blend is needed.

Doug Stoiber, vice president of L&M Transportation Services of Raleigh, NC, is seeing more trucks switch from diesel fuel to liquid natural gas to cut fuel costs, helping the environment and sustainability. "Truck manufacturers are standing in line to buy the new 12 liter Cummins natural gas engine. This is the direction people are going," Stoiber observes. **pb**

produce rates are lower this year because there is less volume with most fruits and vegetables. By contrast, he says truck shortages are more common in south Texas. Produce acreage in the Lower Rio Grande Valley is actually down. This

means that the truck shortages there are due to more growing operations foregoing California and Texas to operate in Mexico, pushing more Mexican produce volume into south Texas.

DeMatteis of Des Moines Truck Brokers

says there were a few \$10,000 gross freight rates from California to Boston, but not many, and those haven't occurred since around Memorial Day. He notes that there have been loads from California to his home state of Iowa grossing \$4,500. However, people don't mention the \$1,800 to \$1,900 being paid in the winter.

TQL's Byrne says that shippers who provide "maximum flexibility and transparency to their transportation partners can moderate increasing truck rates. This communication concerns increasing lead times, expressing any potential cost-incurring contingencies in advance of the shipment, as well as building and adhering to an industry-competitive accessorial policy."

### Is Rail An Alternative?

Railroads hauling produce are a viable alternative to trucks, but only if you are in certain high traffic lanes, hauling specific produce items, and have a minimum of pickups in a small geographic location.

Lund points out that only 1 to 2 percent of produce is transported by rail. It would require billions of dollars in equipment and tracks to become a viable option.

"Most produce items don't like rail," Lund says. "The rails are more adept at handling perishables such as dairy and wine. The rails don't like produce and they don't like the claims that come with it."

Stoiber of L&M Transportation says it still takes trucks to deliver produce to the rails; once at the destination, trucks are necessary to deliver cargo to the distribution centers. **pb**



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– Rich Byllo, CPA-CFO of Nathel & Nathel – Interviewed on the Oprah Winfrey Show



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# Tropicals Splash Into Restaurant Menus

Diners no longer need to jet to the islands for a taste of the tropics. **BY CAROL M. BAREUTHER**



PHOTO COURTESY OF PERKINS & MARIE CALLENDER'S

Taking into account the increase in Hispanic and Asian populations in the U.S., chefs are adding tropical flavors to popular dishes.

**T**ropical fruits and roots are appearing on restaurant menus nationwide, everything from fast food eateries to fine dining establishments. What's more, 55 percent of more than 1,800 chefs who participated in the Washington, D.C.-headquartered National Restaurant Association's *What's Hot 2013 Culinary Forecast*, ranked exotic fruits (such as dragon fruit and rambutan), as 'hot' and another 12 percent named them 'perennial favorites.'

Seakyeong Kim, executive chef at Charlie Palmer at Bloomingdale's, in Costa Mesa, CA, (one of 12 restaurants operated by the New York City-headquartered Charlie Palmer Group) says, "Customers see tropical fruits as something catchy; something different."

The changing ethnic demographics in the U.S. plus the typical American customer's craving for authentic cultural dishes are two factors placing tropicals on the menu.

"There's a boom in fusion restaurants that integrate tropical products into different dishes," says Marion Tabard, director of marketing for the Turbana Corporation, in

Coral Gables, FL. "Fusion restaurants want to attract different consumers by being creative and blending different cultures. Taking into account the increase in Hispanic and Asian populations in the U.S., chefs are innovative and adding tropical flavors to popular dishes to invite diners of all cultures into their establishments. Miss Lily's, Casa, Macondo, and Agozar are examples of trendy New York City restaurants that have integrated tropicals such as coconut, yuca, plantains, and mango into their dishes."

"Tropicals also tie in nicely with many of today's chef's desire to build menus around fresh ingredients," explains Jim Cottle, manager for food and beverage and research and development for Mission Viejo, CA-headquartered Perkins & Marie Callender's, LLC, a 75-plus chain doing business as Marie Callender's Restaurant & Bakery. "That's why we featured fresh mangos in a Citrus Mango Chicken Salad as a limited time offer (LTO) promotion this past spring. It's something that added excitement to the everyday menu."

Seasonal availability and offshore sourcing are two challenges of using tropicals in food-

service applications.

Cottle says, "There's definitely more thought process and management that goes into ordering tropicals. However, it's a big plus that many are becoming available year-round."

## 10 Hot Tropicals

"Tropicals such as bananas and pineapple are staples on foodservice menus," says Richard Perez, sales associate at M&M Tropicals, Inc., in Miami, FL. "Now, we're seeing an expansion of everything from mangoes and papayas to rambutan and carambola."

**MANGOS.** "Fresh mango continues to grow on foodservice menus due to its great taste, versatility and nutrition profile," says Megan McKenna, director of marketing for the Orlando, FL-headquartered National Mango Board (NMB). "Mangos are used during any meal: smoothies for breakfast, sandwiches and salads for lunch, and in a salsa or chutney complementing a protein for dinner."

The NMB's foodservice public relations and marketing program assists chefs in incorporating fresh mangos on the menu. El Pollo Loco, a 395-unit fast food chain based in Costa



Mesa, CA, featured a Citrus Mango Tostada Salad as a limited time offer (LTO) in March and April. Over 16,000 college students at the University of Massachusetts taste-sampled fresh mangos in 16 recipes during a week-long promotion in April. Offerings included Mango Lassi, Shrimp and Mango Tacos, Orange Soy Pork Tenderloin with Mango Salsa, Grilled Tandoori-style Chicken with Mangoes and Thai Mango Salad. In an LTO that ran from April through June, Marie Callender's Restaurant & Bakery featured Citrus Mango Chicken Salad on the menu.

"We advertised the Citrus Mango Chicken Salad on a featured poster patrons saw when they walked in, on the menu handed to them with specials, and in server mentions," explains Cottle from Marie Callender's. "It was so popular that we've put grilled salmon with fresh strawberry mango salsa on our special Strawberry Heaven menu running this summer."

Last December, Atlanta, GA-headquartered Morrison Management Specialists ran a Voodoo Pork Po Boy Sandwich with Sweet Potato Fries and Spicy Mango Sauce in its healthcare division, which provides food and dining services to more than 600 hospitals.

Curt Seidl, Morrison's vice president of

culinary support, says Morrison's worked with fresh mangos for a couple of years. "It started when we ran a fresh mango flat bread topping as an LTO. Mango in the latest promotion, the po boy sandwich, puts a flavor twist on the traditional. Customers loved it. We sold the heck out of it," Seidl says.

## "Mango in the latest promotion, the po boy sandwich, puts a flavor twist on the traditional. We sold the heck out of it."

— Curt Seidl,

*Morrison Management Specialists*

"Tommy Akins, Kent and Keitt varieties are popular with chefs due to their texture, flavor and year-round availability, although volumes are highest in the summer," explains Ron Cohen, vice president of sales for the Vision Import Group, LLC, in River Edge, NJ. "In the next five years, I think we'll see more varieties

become available."

Morrison's Seidl prefers to source fresh mangos because, as he explains, "at all stages of ripeness, there is an application which offers versatility. When it's firm, it's easier to shred. When it's closer to ripe, you can easily dice and julienne it to add to salads. When it's really ripe, there are smoothies."

**PAPAYAS.** "Papaya is showing up more and more in Central and South American restaurant dishes frequently paired with fish and poultry," explains Lara Grossman, sales and marketing manager for FoodSource, a C.H. Robinson Company based in Monterey, CA. "Papaya, along with mango, continues to make frequent appearances in salads. Similar to mango, the sweetness of papaya is commonly paired with spicy flavors to provide a full-bodied taste experience."

Slow-braised pork belly topped with a honey tamarind glaze and paired with charred scallion, hearts of palm and compressed papaya is offered as a first course at Charlie Palmer at Bloomingdale's. "We buy whole papaya," explains Chef Kim, "It lasts longer that way and we can control the quality better. To make the compressed papaya, we chop it, mix it with limejuice, salt and pepper and put it in



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## TROPICAL TIPS

**T**ropicals aren't cosmetically perfect produce like apples and oranges," says Mary Ostlund, director of marketing at Brooks Tropicals Inc., in Homestead, FL. "Sometimes the uglier the fruit, the sweeter the taste. Plus, tropicals don't like the cold. Cool temperatures are best for storage."

"Many chefs expect mangos to be ripe and ready-to-eat when they arrive," explains Charlie Eagle, vice president of business development at Southern Specialties, headquartered in Pompano Beach, FL. "Foodservice distributors should account for this in their hold time. Some restaurants are not prepared to hold and ripen fruit. If they receive rock hard mangos, they may be hesitant to re-order."

The Orlando, FL-headquartered

National Mango Board (NMB) offers buyers and chefs tips on how to source mangos, as well as basic information on handling and cooking with fresh mangos. "We also provide mango menu development support for interested chains and inspiration by sharing existing recipes chefs use in other restaurants," says the NMB's director of marketing, Megan McKenna.

"The waitstaff needs to be educated on exotic fruits integrated to menu dishes," recommends Marion Tabard, director of marketing for the Turbana Corporation, in Coral Gables, FL. "This is so that when diners ask questions, the staff members can answer intelligently and encourage U.S. diners to try different tropical fruits or vegetables." **pb**

a Cryovac bag to marinate. The papaya offers a refreshing contrast to fattier meat."

"Formosa and Golden are the two most popular varieties of papaya in foodservice operations," says Lorenz Hartmann de Barros, director of sales at HLB Specialties, LLC, in Pompano Beach, FL. "The Formosa is large, about 3 to 4 pounds. Chefs like it because it has a lot of meat. Peeled, seeded and cut into chunks, it can be used in sweet or savory dishes. One of the benefits of the Formosa is that it can be eaten when partially yellow or half-ripe; the Maradol must be all yellow, so there's less flexibility. The Golden (also called Sunrise) is small or about the size of a mango. Some chefs will cut it in half, seed and serve with a scoop of fruit, chicken or seafood salad."

Papaya adds bright orange color to dishes. The fruit also contains papain, a natural meat tenderizer. The Formosa is imported year-round from Mexico and Guatemala, while the Golden is available year-round out of Brazil and Jamaica.

**RAMBUTAN.** The eye-catching contrast of the spiky red shell with exposed white grape-like flesh makes rambutan popular as a garnish, in fruit baskets or on fruit platters.

HLB Specialties' Hartmann de Barros says Rambutan is available from May to November. "We source from Guatemala, which is the longest source of any one location. However, it also comes in from Mexico, Honduras, Costa Rica and Asia."

**DRAGON FRUIT.** "A number of chefs use dragon fruit for its exterior appearance rather

than its interior flesh," explains Karen Caplan, chief executive officer and president of Frieda's, Inc., in Los Alamitos, CA. "It's a beautiful purple on the outside, while inside the magenta, pink or white flesh has small black seeds like a kiwi, but with a mild kiwi flavor."

Mary Ostlund, director of marketing at Brooks Tropicals Inc., in Homestead, FL, adds, "Chefs are using dragon fruit as a topping for salads, either cubed and tossed on greens or pureed into a dressing, and made into sorbets."

Dragon fruit is obtainable domestically from California and Florida during the summer. In the winter, irradiated dragon fruit is imported from Vietnam.

**STAR FRUIT.** Charlie Palmer's Chef Kim makes sorbet from star fruit, also called carambola. Similarly, with a savory slant, Paula DaSilva, executive chef at Miami Beach's 1500° (located in the Eden Roc hotel), serves buttery scallops on a bed of parsnip puree topped with carambola sauce.

"One of the biggest selling points for chefs is that when you cut the fruit vertically, it creates star shapes with little labor," says Charlie Eagle, vice president of business development at Southern Specialties, headquartered in Pompano Beach, FL. "It's used for its eye-appeal on a plate or rim of a cocktail. Star fruit stands up well to grilling; the heat caramelizes its sugars."

Star fruit is available from July through the beginning of April.

**COCONUT.** "Coconut water is a hot trend now," says Doria Potts-Blonder, sales and

marketing director at New Limeco, LLC, in Princeton, FL.

Robert Schueller, director of public relations for Vernon, CA-headquartered Melissa's/World Variety Produce, Inc., says, "Sweet young coconuts are sold 80 percent of the time for their water. Because coconut water is good for hydration, it's now sold at sports stadiums already open and with a straw. Some chefs make smoothies with the water, or use the soft pudding-like meat inside in fruit salads and desserts."

Unlike the hard brown coconut, sweet young coconuts are perishable and must be refrigerated. They are imported year-round from Thailand, with largest volumes July through January.

**CHERIMOYA.** Also called "custard apple," this fruit, with its green-shingled skin and its white creamy flesh, is used by Australian chefs in sweet dishes such as cheesecake and smoothies as well as savory Thai curries.

Melissa's Schueller says, "It's not a fruit you would present; it needs to be worked with and there's a learning curve to it — similar to dragon fruit."

Cherimoya is available out of California from December to May, and imported from Chile June through November.

**PLANTAIN.** "The cooking banana has moved beyond Latin restaurants," explains Turbana's Tabard. "You now see sushi with all kind of tropical toppings, such as avocados, sweet plantain and bananas. Yuca and plantain chips are often used as decoration in fine-dining."

Plantains can be sourced year-round.

**YUCA.** In a survey conducted by the National Restaurant Association, some 74 percent of chefs labeled "gluten-free cuisine" as a popular trend. Now, Turbana's Tabard says, "Tropical roots, such as yuca, are being incorporated into gluten-free diets. For example, Pica Pica, in San Francisco serves gluten-free yuca fries."

Turbana expanded its product line from bananas to tropicals including yuca as well as chayote, yellow yams and malanga last fall. The company provides sourcing, logistical assistance and cost-savings to deliveries when tropicals are tied into banana deliveries.

**SUGAR CANE.** Mojitos at Ruby Tuesday's, an 850-unit chain with locations in the U.S. and over a dozen foreign countries, are served with sugar cane swizzle sticks. The sticks are made from peeled, sliced sugar cane stalks.

"For a small monetary investment, this addition makes the menu look upper echelon," says Frieda's Caplan. **pb**





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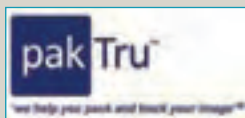


**PMA AISLE-BY-AISLE BOOTH REVIEW**

**AISLE 100**

**Booth #156  
PAKTRU  
Richmond, VA**

PakTru is a fully owned subsidiary of SSI Packaging, a provider of coding and marking solutions for over 40 years. Providing superior customer service and exceptional solutions-driven value to their many clients. More information can be found at [paktru.com](http://paktru.com) and [ssipackaging.com](http://ssipackaging.com).



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VERBRUGGEN PALLETIZING  
SOLUTIONS  
Pasco, WA**

Our target is to provide our customers with a tool for the ideal presentation of their products to their clients. Experience, innovation and teamwork form the basis of our communication with customers and potential customers.



**AISLE 200**

**Booth #235  
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Winters, CA**

A leading California grower and supplier of premium nuts, Mariani Nut Company offers new, clear retail packaging options along with a high level of customer service focusing on long-term partnerships.



**Booth #247  
SAGE FRUIT COMPANY  
Yakima, WA**

Sage Fruit is a Grower/Packer/Shipper of High Quality Washington State Tree Fruit specializing in high quality apples, cherries and pears. Ask us about our award-winning Marketing programs.



**AISLE 300**

**Booth #303  
MATTHEWS SWEET POTATO  
FARM  
Wynne, AR**

Matthews Sweet Potato Farm was established in 1885 in Wynne, Arkansas. We are a sixth generation family-owned and-operated farm. Three generations are working on the farm today. For 2013 we farm 800 acres of sweet potatoes, 700 acres soybeans, with 160 acres in rice. We pack & ship sweet potatoes 12 months of the year.



**Booth #311  
COLORFUL HARVEST  
Salinas, CA**

Colorful Harvest grows premium berries and heirloom style produce including Strawberries, Blueberries, Blackberries, Melons, Rainbow Crunch® Carrots, Orange, Purple, Green & White Cauliflower, Ruby Jewel® Sweet Red Corn, and seasonal vegetables. Colorful-Harvest.com



**Booth #337  
MARIE'S  
Brea, CA**

Marie's®, the leader in Refrigerated Produce Dressing nationally, uses the finest ingredients to create our great-tasting dressings with the homemade flavor your customers love. Marie's makes the ordinary extraordinary!



**AISLE 400**

**Booth #403  
CRUNCH PAK  
Cashmere, WA**

Visit the slice apple specialist Crunch Pak for the freshest in slice apple products including award-winning Dipper Z™, Flavor Z™ and Salad Kit Z™ and sample Chef Amanda's delicious recipes.



**AISLE 500**

**Booth #519  
JACOBS, MALCOLM & BURTT  
San Ramon, CA**

Since 1888, Jacobs, Malcolm & Burtt (JMB) has provided the highest quality produce. From our specialty asparagus to our variety of other commodities, JMB consistently delivers the quality and service that have kept us in business for over 120 years.



**Booth #519  
WELL•PICT BERRIES  
Watsonville, CA**

Well•Pict ships premium, proprietary strawberries 12 months of the year, providing a high volume of great tasting berries for seamless transition between the seasons. We also offer an extended season for our luscious and popular proprietary raspberries, available through November.



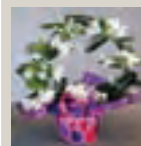
**Booth #541  
HBF INTERNATIONAL  
McMinnville, OR**

HBF International sells a wide variety of the freshest berries under the Hurst's Berry Farm brand. HBF offers premium berries all year round, including blueberries, blackberries, and specialty varieties such as cranberries, raspberries, and red currants.



**Booth #549  
HARSTER GREENHOUSES INC.  
West Flamborough, ON**

Harster Greenhouses Inc. is the earth friendly grower of trendy and beautifully functional novelty houseplants. New this year, Crispy Wave Ferns are the "Biological Air Purifier." Highly effective at cleaning the air, these curvy sculpted ferns absorb toxins, smoke, and odors. Visit our booth to see our 100 percent pesticide-free collection. [harstergreenhouses.com](http://harstergreenhouses.com)



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Rochester, NY**

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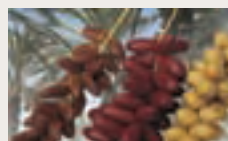
**Booth #567  
DYNAMIC SYSTEMS INC.  
Austin, TX**

Dynamic Systems now has a scale interface for their SIMBA Automated Tracking System. Growers, Packers, Shippers label and track their products from field to customer with real-time inventory, GS-1 labeling and automatic van loading. The scale interface solves the problem of how to record real weights and print them on GS-1 barcode labels.



**Booth #575  
DEVIK INTERNATIONAL, INC.  
White Plains, NY**

Devik International, Inc. is a leading importer and distributor of Medjoul, Halawi, Deglet Nour, Hayani and Barhi dates from Israel, South Africa and The Palestinian Authority. Please visit us on [Facebook.com/DevikDelilahDates](https://www.facebook.com/DevikDelilahDates).



**Booth #583  
HAMPSHIRE PAPER  
Milford, NH**

Hampshire Paper is a domestic manufacturer of fine decorative packaging products for the Horticultural, Wholesale Floral & Gift Packaging industry. Come visit our booth to meet us and discuss the specific needs of your business. We look forward to meeting you.



**PMA AISLE-BY-AISLE BOOTH REVIEW**

**Booth #585**  
**HEAT AND CONTROL, INC.**  
Hayward, CA

See the latest technology for weighing, conveying, blending, tray sealing, and foreign object detection in Heat and Control booth 585 at the PMA Fresh Summit.



**AISLE 600**

**Booth #650**  
**FIRSTFRUITS MARKETING**  
Yakima, WA

Our growers have a strong passion for producing high quality fruit with a greater purpose. We offer more than just apple. FirstFruits Marketing is your partner for good.



**Booth #684**  
**PLEXPACK**  
Toronto, ON

Plexpack, manufacturer of Emplex Bag Sealing Machines, is proud to be displaying the Emplex machine at PMA 2013: Emplex MPS 6110 Bag/Pouch Sealer with a new INK JET printer that can apply a batch, lot or date code on the sealed bags or pouches.



**AISLE 700**

**Booth #713**  
**CURRY & COMPANY**  
Brooks, OR

Expect the Best!™ from our 52 weeks/year blueberry, sweet onion and red/white/yellow onion programs. Our seasonal Vidalia Sweet Carrots and delicious West Coast blackberries create excitement in your stores.



**Booth #742**  
**POTTER INC.**  
Bryan, OH

Visit Potter Inc. to see our fresh new spring upgrade products. Colorful upgrade kits, beautiful hand-tied bows, and corsage backings that are perfect for any occasion, make Potter Inc. the leader in floral upgrade products, for over 35 years.



**AISLE 900**

**Booth #903**  
**KWIK LOK CORPORATION**  
Yakima, WA

Kwik Lok's New 901 AutoPrinter utilizes the AutoPilot built by Squid Ink Manufacturing, Inc. The 901 AutoPrint is a programmable industrial ink jet system that prints on the Kwik Lok Bag Closure. This printer can be field installed on existing Kwik Lok Bag Closing Machines.



**Booth #975**  
**RUBY FRESH**  
Firebaugh, CA

Ruby Fresh pomegranate arils are U.S. grown and available year-round. Try them straight from the 8 ounce tray pack, Salad Jewels 3.5 ounce, 7 ounce topping kits, or our new mini-serve Aril Cups!



**AISLE 1000**

**Booth #1019**  
**IPPOLITO FRUIT & PRODUCE, LTD.**  
Burlington, ON

Visit North America's largest Brussels sprouts grower/shipper, and let's talk about getting your company on a year-round Brussels sprout program! We also offer a full line of vegetables, including artichokes (in a unique microwaveable pack), iceberg, broccoli, cauliflower, romaine hearts, green onions, leaf lettuces and specialty vegetables.



**Booth #1019**  
**GROWER-SHIPPER ASSOCIATION OF CENTRAL CALIFORNIA**  
Salinas, CA

The Grower-Shipper Association of Central California's Pavilion is your one-stop shop for fresh produce. Stop by to see:

ASA Organics, Church Brothers, GreenGate Fresh, Ippolito, J. Marchini, Mann Packing, The Nunes Company, & Steinbeck Country Produce.



**Booth #1019**  
**MANN PACKING COMPANY**  
Salinas, CA

Visit the Grower Shipper Association Pavilion where Mann Packing is featuring two new chopped salad kits: Asian Citrus Crunch and Cantina Crunch as well as redesigned Veggie Mac-n-Cheese.



**Booth #1019**  
**STEINBECK COUNTRY PRODUCE**  
Salinas, CA

Steinbeck Country Produce is a third-generation family-owned grower/packer/shipper of fresh fruits and vegetables. Operated by the Huntington Family, and headquartered in Salinas, California, Steinbeck Country Produce proudly markets premium vegetables and strawberries under the "Nature's Reward" label. Stop by our booth and check out our awesome video mini-series.



**AISLE 1100**

**Booth #1112**  
**ROYAL ROSE LLC**  
Salinas, CA

Royal Rose LLC is proud to announce that Royal Rose Radicchio is officially certified as a superfood by SCS Laboratories. High in antioxidants, vitamins, minerals, and fiber Royal Rose Radicchio and Treviso are nutritional powerhouses. Stop by our booth in NOLA to see superfood Royal Rose Radicchio, and discuss your retail and foodservice needs.



**Booth #1162**  
**GENERAL MILLS, INC**  
Minneapolis, MN

Introducing a great new product from General Mills, Inc. The In-Store Fresh Team will be showcasing their new Combo Kit. This innovated solution for making fresh yogurt parfaits in the produce department includes: Yoplait Yogurt, Nature Valley Granola, 40 cups, inserts, lids and labels. Just add fresh fruit.



**AISLE 1200**

**Booth #1205**  
**GLORIANN FARMS**  
Tracy, CA

GloriAnn Farms fresh super sweet corn is offered year-round in retail and food-service packs. Family-owned and -operated, GloriAnn grows throughout California and Mexico to provide the freshest corn every day of the year.



**Booth #1219**  
**DUDA FARM FRESH FOODS**  
Oviedo, FL

Looking for healthy solutions to your customers' everyday shopping challenges? Visit Duda Farm Fresh Foods to learn more about how our fresh product offerings address the evolving needs of today's busy consumers.



**Booth #1229**  
**IDAHO POTATO COMMISSION**  
Eagle, ID

The Idaho Potato Commission is the marketing arm for the entire Idaho potato industry. The organization created the well-known "Grown in Idaho"® seal, which symbolizes quality known around the world.





**PMA AISLE-BY-AISLE BOOTH REVIEW**

**Booth #1261  
DULCINEA FARMS**  
*Ladera Ranch, CA*

At Dulcinea Farms our commitment is to deliver only the highest quality, best tasting fruit. We are passionate about providing the freshest produce and flavor consumers love year-round.



**AISLE 1300**

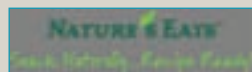
**Booth #1300  
SILVER CREEK SOFTWARE**  
*Boise, ID*

Visual produce accounting software for wholesalers, distributors, packers, brokers and growers offers customer menus, contract pricing, lot control, route accounting, landed cost, EDI, online ordering, and electronic signature capture Delivery Tracking. Silvercreek.com/208-388-4555



**Booth #1304  
NATURE'S EATS**  
*Boerne, TX*

Trusted quality and innovation provide Nature's Eats customers a fresh and distinct product every day. As a SQF certified business, we create higher standards for packaging of fresh foods. Delivering over 150 varieties of natural nuts, trail mixes and dried fruits, our customizable produce rack display generates multiple merchandising opportunities.



**Booth #1309  
SETTON INTERNATIONAL FOODS**  
*Commack, NY*

Producer of "America's Best Tasting Pistachios," Setton Farms offers a full line of California pistachios and proudly features 100 percent All Natural Pistachio Chewy Bites with whole pistachios, cranberries and agave nectar.



**Booth #1315  
MAYWOOD FARMS**  
*Corning, CA*

We at Maywood Farms have pride in producing quality CCOF certified fresh organic figs. For over 30 years, we've grown Black Mission, Brown Turkey, and Kadota figs that are packed and cooled onsite. Please come by our booth to sample our quality figs. We look forward to meeting you.



**Booth #1321  
THE OPPENHEIMER GROUP**  
*Coquitlam, BC*

Along with our partner, Total Produce, and our combined network of global growers, we bring you the freshest in flavors and packaging innovations.

Expect the world from us

**Booth #1329  
NEW YORK APPLE ASSOCIATION, INC.**  
*Victor, NY*

New York Apple Association represents NY apple growers helping to grow sales for consumer favorites such as McIntosh, Empire, Gala, Honeycrisp, Cortland, Fuji and many more!



**Booth #1363  
DEL MONTE FRESH PRODUCE**  
*Coral Gables, FL*

Fresh Del Monte offers retailers and foodservice operators an array of innovative solutions to address the changing tastes and lifestyle needs of today's consumers. Our extensive distribution network allows just-in-time deliveries of our premium quality fresh products to your doorstep. For more information call 800-950-3683 or visit our websites, freshdelmonte.com and fruits.com.



**Booth #1375  
SUN PACIFIC**  
*Pasadena, CA*

Cuties Clementines Coming Soon! Sun Pacific, exclusive distributor of Cuties Clementines, Air Chief Navel Oranges and Ripe & Easy Kiwi, is poised for another record new crop season beginning in November.



**AISLE 1400**

**Booth #1400  
HUDSON RIVER FRUIT DISTRIBUTORS**  
*Milton, NY*

Celebrating 50 years Grower/Packer/Shipper of Apples from NYC Fourth-Generation Company.



**Booth #1402  
TORREY FARMS, INC.**  
*Elba, NY*

Torrey Farms is a twelfth generation family farm with 11,000 acres in western New York. We grow, pack & ship cabbage, cucumbers, squash, green beans, red and yellow onions, white and yellow potatoes, and miniature pumpkins.



**Booth #1403  
L&M**  
*Raleigh, NC*

L&M will be high-lighting local grown from 12 states. We are also excited to be hosting our 50th birthday party! The L&M Family of Companies offers a full range of services including farming, packing, logistics, consolidation and sales.



**Booth #1404  
NEW YORK SPECIALTY CROPS**  
*Albany, NY*

The NYS Department of Agriculture and Markets is supporting growers, processors, and manufacturers across the state by promoting the wide variety of New York's specialty crops including fruits and vegetables, dried fruits, nuts, and more.



**Booth #1414  
SCS GLOBAL SERVICES**  
*Emeryville, CA*

For nearly 30 years, SCS Global Services has developed standards and services supporting growers, producers, wholesalers and distributors' providing safe, quality produce. As a trusted, independent source for food safety, testing, training and certification, SCS combines rigorous science with outstanding customer service to ensure the produce is safe, healthy, and flavorful.



**Booth #1429  
RENAISSANCE FOOD GROUP, LLC**  
*Rancho Cordova, CA*

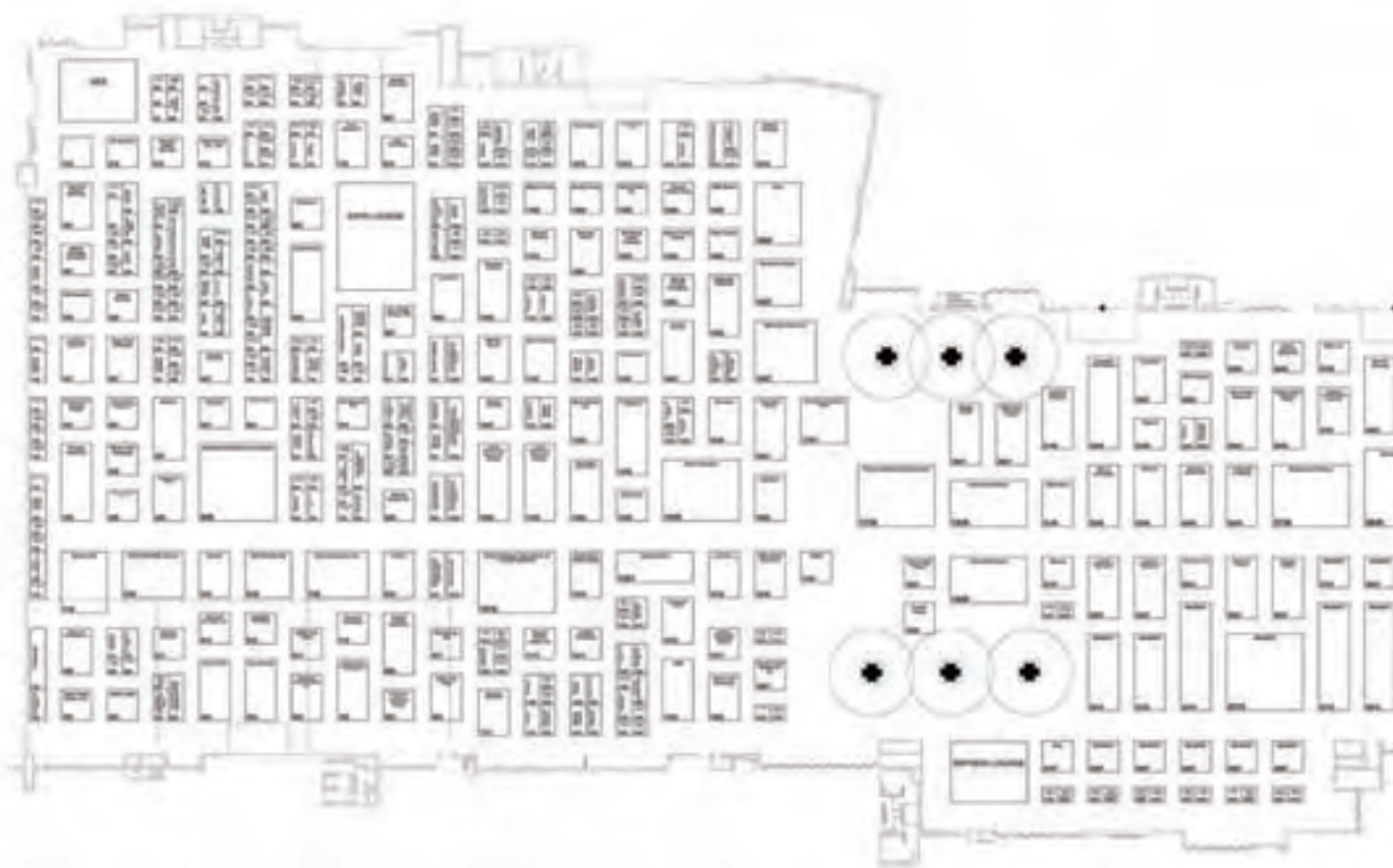
Renaissance Food Group is a national fresh food company that creates, markets and distributes high quality products for consumers via the retail and foodservice channels.



**Booth #1429  
CALAVO GROWERS, INC./CALAVO FOODS**  
*Santa Paula, CA*

We're growing! The first name in avocados continues to grow and offer new products, technologies and pack sizes. Come see what's growing, fresh and available year round!





**Booth #1429**  
**LIMONEIRA COMPANY**  
*Santa Paula, CA*

Lemons just became tangier and sassier! Limoneira is introducing its Pink Variegated Lemons in new packaging for both retail and foodservice. Please come by our booth to see how you can Thrill the Grill and Sink the Pink in the Drink!

**LIMONEIRA**  
SINCE 1920

**Booth #1441**  
**TANIMURA & ANTLE**  
*Salinas, CA*



The Tanimura & Antle families grow a full line of field-fresh vegetables including Artisan Lettuce, Artisan Romaine, Iceberg, Little Gems, Broccoli, Cauliflower and Romaine. For more information, please visit [taproduce.com](http://taproduce.com).

**Booth #1463**  
**NATURE FRESH FARMS**  
*Leamington, ON*

Nature Fresh Farms, Leamington, Ontario is 100 percent Canadian owned & operated with over 130 acres of high-tech production in peppers tomatoes and cucumbers. We are a certified greenhouse grower and marketer. Visit: [naturefresh.ca](http://naturefresh.ca)/Contact: [sales@naturefresh.ca](mailto:sales@naturefresh.ca)



**Booth #1619**  
**DNE WORLD FRUIT LLC**  
*Ft. Pierce, FL*

DNE World Fruit LLC offers year-round citrus of the highest quality to its customers. Our experience is in growing, packing and marketing citrus from Florida, Texas and California as well as importing citrus from countries around the world. Visit our booth to learn more about our products.



**AISLE 1600**





**Booth #1647**  
**NATUREIPE FARMS LLC**  
*Estero, FL*

Your Total Berry Solution - Naturipe® Farms, is an industry leader in producing healthy and delicious Fresh berries and value added berry products including: Ready To Eat, IQF, Dried Cold Infused, Juices, Concentrates, Purées and more. Visit us to learn about our new strawberry and cranberry products!



**Booth #1741**  
**SUNLIGHT INTERNATIONAL SALES**  
*Delano, CA*

Sunlight International has premium California table grapes for all the fall holidays! We offer a large line of red, green, and black varieties and a variety of seasonal merchandising programs- drop by to learn more!



**Booth #1929**  
**OCEAN MIST FARMS**  
*Castroville, CA*

Innovation is the theme at Ocean Mist Farms from new retail package options for artichokes to new items in the hot Brussels sprouts and cooking spinach categories. Visit the booth and demo Ocean Mist's new integrated Product Quality Assurance Microsite —



**PMA AISLE-BY-AISLE BOOTH REVIEW**

**AISLE 2100**

debuting at PMA.

**Booth #2107**

**DOLE**

*Westlake Village, CA*

Dole Food Company, Inc. is the world's largest producer and marketer of high-quality fresh fruit and fresh vegetables. Dole markets a growing line of packaged and frozen foods, and is a produce industry leader in nutrition education and research.



**Booth #2139**

**USA PEARS/PEAR BUREAU**

**NORTHWEST**

*Milwaukie, OR*

The Pear Bureau knows pears. From category analysis to developing strategic promotional plans, we will help you build a more profitable pear category.



**AISLE 2200**

**Booth #2239**

**MARCO COMPANY**

*Fort Worth, TX*

Since 1984, Marco Company has provided the grocery industry with innovative and cost-effective merchandising solutions. Capabilities include wood, metal and plastic manufacturing, refrigeration, shelf category management and asset protection.



**AISLE 2500**

**Booth #2539**

**T. MARZETTI COMPANY**

*Columbus, OH*

T. Marzetti Company is a leading manufacturer of refrigerated salad dressings and dips. More recently, we introduced the very successful Marzetti Simply Dressed salad dressings and Marzetti Oria Greek Yogurt Veggie Dips. Visit our booth, and see what's new for this year!



**AISLE 2600**

**Booth #2627**

**CARLSON AIRFLO**

*Brooklyn Park, MN*

Carlson AirFlo® introduces an all-new, revolutionary merchandising solution, AirArt. AirArt provides impactful, unique category management with a bold, creatively appealing wall display. Use your existing Vertical System or completely convert another set.

See AirArt unveiling at PMA.

Carlson-airflo.com



**AISLE 2700**

**Booth #2738**

**MASTRONARDI PRODUCE**

*Kingsville, ON*

Mastronardi Produce is a leader in the gourmet greenhouse industry that grows nationally recognized brands under the SUNSET® label as well as flavorful tomatoes, peppers and cucumbers year round.



**Booth #2759**

**RPE, INC**

*Bancroft, WI*

Chef Joey Elenterio joins forces with RPE, Inc. again this year. The Michelin-star chef brings his creativity to the Tasteful Selections bite-sized potatoes product line, and will be demoing a different recipe each day of the convention. RPE will also be showcasing the newest additions to its Old Oak Farms line.



**AISLE 2800**

**Booth #2839**

**SUNKIST GROWERS, INC.**

*Sherman Oaks, CA*

Sunkist Growers is a citrus marketing cooperative founded in 1893, which is owned by and operated for thousands of family farmers growing citrus in California and Arizona.



**Booth #2851**

**STEMILT**

**GROWERS**

**LLC**

*Wenatchee,*

*WA*

Stemilt Growers is a leading family-owned tree fruit grower, packer, and shipper based in Wenatchee, WA, with an exclusive apple variety of Piñata, Lil Snappers kid-sized fruit program, and world famous programs for apples, pears, cherries, and stone fruits.



**AISLE 3000**

**Booth #3014**

**FLORAL BUSINESS**

*Boca Raton, FL*

Come visit Booth 3014 and pick up the newest tool to help supermarkets floral executives become better marketers, merchandisers, managers, and buyers of floral products: FLORAL BUSINESS.



**Booth #3014**

**PERISHABLE NEWS.COM**

*Boca Raton, FL*

Visit our booth to sign up for a free subscription to PerishableNews.com, the first news site written exclusively for the entire perishables arena. Be among the growing list of subscribers who get instant, daily or weekly e-mailed announcements.



PerishableNews.com

**Booth #3014**

**PERISHABLE PUNDIT**

*Boca Raton, FL*

There is nothing quite like Jim Prevora's Perishable Pundit. Access the Pundit at Perishablepundit.com and see for yourself. Or come by our booth and meet Jim Prevora and the whole staff.



**Booth #3014**

**PRODUCE BUSINESS**

*Boca Raton, FL*

Covering marketing, merchandising, management and procurement issues that affect the sales of produce and floral items, PRODUCE BUSINESS uniquely "initiates industry improvement."



**Booth #3016**

**PACKAGE CONTAINERS, INC.**

*Canby, OR*

We offer extraordinary sales success that you can replicate in your produce department. Earlier this year, Package Containers launched a branded tie-in promotion program throughout a 79-store grocery chain sponsored by the U.S. Potato Board and the National Onion Association. Using PCI's performance proven Home-Toter bags, success was immediate.

**PACKAGING  
CONTAINERS, INC.**

**Booth #3020**

**PRODUCE PRO SOFTWARE**

*Woodridge, IL*

Produce Pro is a fully integrated software solution for wholesale food distributors, terminal markets, growers, processors, and importers. Providing real-time inventory, traceability, reporting and accounting capabilities with efficient support and services.





PMA AISLE-BY-AISLE BOOTH REVIEW

**Booth #3026**  
**SANTA CRUZ BERRY FARMING CO.**  
Watsonville, CA

Santa Cruz Berry Farming Co. grows and ships high quality organic and conventional strawberries from throughout the state of California. Our goal is to produce the highest quality, safest, most flavorful strawberries possible.



**Booth #3030**  
**RED RIVER VALLEY POTATOES**  
East Grand Forks, MN

The Red River Valley of North Dakota and Minnesota is the largest producer of red potatoes in the country and for good reason. Grown in a temperate climate and fed by prairie rains rather than irrigation, Red River Valley Potatoes truly have "Nature's Flavor."



**Booth #3051**  
**CALIFORNIA SUN DRY FOODS**  
Danville, CA

California Sun Dry Foods continues to produce the nation's No. 1 selling sun-dried tomato. Sweet, full-bodied and intensely flavored, we sun dry only the finest California grown tomatoes.



**Booth #3039**  
**FRIEDA'S, INC.**  
Los Alamitos, CA

Frieda's celebrates over 50 years of innovation with the Power of Purple and Flavor Essentials. Come taste, touch and smell what the specialty experts have in store for 2014.



**Booth #3057**  
**THERMAL TECHNOLOGIES,**  
Blythewood, SC

Thermal Tech is the leading provider of produce ripening rooms in North America. Our patented TarPless design ripens over 70 percent of all bananas processed across the US, Canada and Mexico — over 100 million pounds a day and growing. Fruit looks better, lasts longer and weighs more with guaranteed uniformity in every box.



AISLE 3100

**Booth #3140**  
**CHRISTOPHER RANCH**  
Gilroy, CA

Christopher Ranch's new crop Monviso California Heirloom Garlic is now available! Monviso is grown from specially selected seed, exclusive to Christopher Ranch, and has been nurtured for over 55 years to preserve its exceptional flavor, consistency and quality! Monviso is available in a variety of sizes and packs including our colorful display boxes.



**Booth #3155**  
**SHANLEY FARMS**  
Morro Bay, CA

Shanley Farms is a grower-shipper of Citriburst Finger Limes, Morro Bay Avocados, and Sierra Sweet Kiwis. Partner with us to bring you the "Seasons Finest" and unique produce items.



AISLE 3700

**Booth #3723**  
**GILLS ONIONS**  
Oxnard, CA

Come see our new caramelized and grilled onions! These California grown, ready-to-use products make perfect toppings for any meal. Plus, join us as we celebrate 30 years of stress free, mess free, time-saving solutions. From diced to



whole peeled onions, visit our booth to learn how we can help improve your bottom line.

**Booth #3739**  
**FRESH SOLUTIONS NETWORK**  
Sacramento, CA

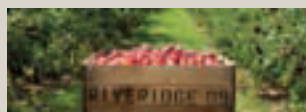
Fresh Solutions Network, LLC: Operations/Insight/Innovation/Marketing for potatoes and onions. Network Partners are: Masser Potato Farms, Keystone Potato Products, Michael Farms, Basin Gold Cooperative, Green Thumb Farms, Red Isle Produce, NoKota Packers, Sun-Glo of Idaho.



AISLE 3800

**Booth #3814**  
**RIVERIDGE PRODUCE MARKETING INC.**  
Sparta, MI

Riveridge is a full-service fresh Michigan apple grower, packer and exporter representing fourth, fifth, and sixth generation apple farms. Riveridge distributes more than 20 varieties throughout the U.S. and globally.



**Booth #3830**  
**ALLIANCE RUBBER COMPANY**  
Hot Springs, AR

Alliance Rubber Company manufactures American-made rubber/PLU Bands: imprinted to meet PLU and "COOL" requirements. ProTape offers PLU band benefits, plus barcoding and is easy to use.



AISLE 3900

**Booth #3930**  
**BABÉ FARMS, INC.**  
Santa Maria, CA

Babé Farms is your one-stop "farmers market," offering a color palette of specialty root vegetables, baby lettuces, gourmet greens, baby cauliflower and a wide variety of seasonal specialties. Growing year-round and hand harvesting daily in the Santa Maria Valley, CA. Visit: babe-farms.com. E-mail: sales@babe-farms.com. Phone: (805) 925-4144.



**Booth #3914**  
**YAKIMA FRESH**  
Yakima, WA

Our growing, packing and shipping experience reaches back to the early 1900's. Yakima Fresh was formed by three of the most successful Northwest growers: Roche, Stadelman and Yakima Fruit. Yakima Fresh is your source for all your Northwest Apple, Cherry & Pear needs!



AISLE 4100

**Booth #4122**  
**PAKSENSE, INC**  
Boise, ID

Temperature monitoring just got easier! About the size of a sugar packet, award-winning PakSens temperature monitoring labels enables better food quality and safety decisions, and can be recycled through the PakSense GreenSens program.



AISLE 4200

**Booth #4231**  
**POTTER INC.**  
Bryan, OH

Visit Potter Inc. for a look at our newest fruit-gift baskets. Unique basket and container designs along with coordinating hand-tied bows are a sure way to create excitement and boost sales. From ready-to-sell baskets to in-store kits and supplies, Potter Inc. can serve all of your fruit-gift basket needs for the holidays and everyday.



**Booth #4224**  
**POLYMER LOGISTICS**  
Riverside, CA

Polymer Logistics, a leader and pioneer in "One Touch/Retail Ready Packaging" provides merchandising units to clients worldwide. Display-ready from factory to retail means significant reductions in replenishment and transportation costs while increasing in-store availability. Our units stack safely when full, and nest and fold when empty to maximize truck space.



PMA AISLE-BY-AISLE BOOTH REVIEW

AISLE 4300

**Booth #4315  
REDLINE SOLUTIONS**  
*Santa Clara, CA*

RedLine Solutions provides practical PTI and inventory control solutions. Our traceability solutions — from standalone to integrated traceability suite — provide case labeling and traceability compliance in the field, packing shed, or cooler. Visit our booth to see how we can help you become PTI compliant while improving productivity.



**Booth #4325  
HOLLANDIA PRODUCE/LIVE GOURMET**  
*Carpinteria, CA*

Live gourmet and Grower Pete's certified organic hydroponically grown living lettuces, cresses and leafy greens by Hollandia Produce. Experience the difference freshness can make by visiting us at the PMA Fresh Summit.



**Booth #4330  
NATURESEAL, INC**  
*Westport, CT*

NatureSeal brings two new products to market. The same NatureSeal innovation and expertise that drives the fresh-cut apple market is available to expand the fresh-cut avocado market as well. With the help of NatureSeal, processors are now offering pre-cut peaches and nectarines that retain their visual appeal and great taste beyond consumer expectations.



**Booth #4333  
BALL DESIGN**  
*Fresno, CA*

PMA Member Since 1990. For over 30 years, we have specialized in Produce and food marketing design. We focus on dynamic designs, creative advertising, and effective promotions. Visit: balldesign.com



AISLE 4400

**Booth #4414  
SAMBRAILO PACKAGING**  
*Watsonville, CA*

Sambrailo Packaging is a third-generation, family-owned company that has served the produce and floral industries since 1923. With locations in California and Mexico, we have built our reputation on service and quality. Known for our "design to distribution" packaging innovations, Sambrailo truly does "whatever is best for the produce."



**Booth #4415  
SUMMERIPE**  
*Reedley, CA*

Our goal is to be your preferred stone fruit partner, functioning as an essential part of your team. We recognize it's our privilege, to help grow your category.



**Booth #4423  
CRUNCHIES FOOD COMPANY**  
*Westlake Village, CA*

Crunchies freeze-dried fruits and vegetables are all natural, with no added sugars or preservatives, gluten free, Kosher, non-GMO and made in the USA. Over 30 flavors are available in two convenient sizes.



**Booth #4424  
BEDFORD INDUSTRIES**  
*Worthington, MN*

Stop by the Bedford Industries booth at PMA this year to view the new equipment from Northfield Corporation designed to automatically apply the ElastiTag to bottles or other products. The versatility of the ElastiTag and the automation capabilities from Northfield make adding brand identity, nutritional information, recipes, or coupons to your products a snap.



**Booth #4427  
CAVENDISH PRODUCE**  
*Charlottetown, PE*

Cavendish Produce, we are the "Fresh Potato Specialists" offering an assortment of value-added and mainstream potato products. We are your one-stop supplier of top quality potatoes.



**Booth #4445  
GIRO PACK INC.**  
*Vidalia, GA*

Giro Pack, Inc. is launching our fresh unique package with 3-D dimension and a kid-captivating design. Gator Bites is a new package design in the shape of an alligator designed to grab the attention of kids and their moms.



AISLE 4500

**Booth #4518  
YERECIC LABEL**  
*New Kensington, PA*

Yerecic Label prides itself on being at the forefront of understanding what consumers want and need to make purchase decisions when shopping. Stand out and differentiate your product from the message clutter with the newest technology in on-pack labels. Visit our booth to see our LabeBling and the latest research on labeling!



**Booth #4531  
KEENAN FARMS**  
*Kettleman City, CA*

Focusing on consumer convenience and selection, Keenan Farms has added a new snack size package to our line-up of simply the best pistachio products. Keenan Farms is proud to once again include the official American Heart Association (AHA) heart-healthy food logo on all of our in-shell and kernel packaging.



**Booth #4532  
MIXTEC GROUP**  
*Glendale, CA*

MIXTEC Group is the No. 1 Executive Search Firm in Produce. We provide exceptional executive recruitment and leadership consulting to the "who's who" of the industry.



**Booth #4539  
CONCORD FOODS**  
*Brockton, MA*

Concord Foods is introducing a new addition to its line of fruit dips at the 2013 PMA Fresh Summit — Pumpkin Spice Caramel dip. This delicious, seasonal dip is made with real pumpkin, vanilla extract and classic warm spices. It is perfect for dipping apples and other fresh fruit. To sample the new dip, please visit Concord Foods.



AISLE 4600

**Booth #4633  
DPRODUCE MAN SOFTWARE**  
*Half Moon Bay, CA*

dProduce Man Software introduces online accounting and management software for the produce industry. New online produce software offers anytime, anywhere access to essential business information from office, home or the road.



**Booth #4651  
DEL MONTE FOODS**  
*San Ramon, CA*

Del Monte Foods is committed to providing value and excellence in our products and services. Our produce products deliver delicious, healthy, ready-to-enjoy refrigerated products specially packaged to seal in flavor. Our innovative product line is driving traffic into the refrigerated fruit section by transforming it into a destination for healthy snacking and breakfast.





**PMA AISLE-BY-AISLE BOOTH REVIEW**

**AISLE 4700**

**Booth #4729  
CALIFORNIA GIANT BERRY FARMS**  
Watsonville, CA

Visit us to learn more about our fall fresh berry season and innovative consumer marketing campaigns underway. We also look forward to sharing news about the 2014 season ahead.



**Booth #4739  
BASKET EASE**  
Prior Lake, MN

Basket Ease has all the containers and supplies you need to make your own fruit and gift baskets. Including our patented baskets designed to make fruit baskets "The Easy Way."



**AISLE 4800**

**Booth #4815  
LGS SPECIALTY SALES, LTD**  
Bronx, NY

LGS is your year-round source for premium produce from around the world. Our core group of commodities includes Hass avocados, Clementines and other citrus, grapes, apples, pears and stone fruit. We offer a variety of innovative and attractive new packages and pallet configurations to fit the needs of different retailers and family groups.



**Booth #4831  
SENSITECH INC.**  
Beverly, MA

The cold chain experts at Sensitech Inc. now offer the food industry an even more comprehensive cold chain monitoring solution by providing real-time temperature monitoring with location tracking.



**AISLE 4900**

**Booth #4939  
DOMEX SUPERFRESH GROWERS**  
Yakima, WA

Domex Superfresh Growers® is a leading grower and shipper of apples, pears, cherries and apricots from the Pacific Northwest. Learn how our difference makes all the difference™.



**AISLE 5000**

**Booth # 5045  
COPEXEU ASSOCIATION**  
Buenos Aires, Argentina

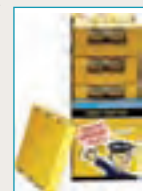
Come to Argentina's booth and make your off-season business by meeting Argentine growers and exporters of fresh pears, apples, blueberries and cherries and organics.



**AISLE 5200**

**Booth #5230  
GREAT LAKES INTERNATIONAL TRADING, INC.**  
Traverse City, MI

Great Lakes Awesome Apricot Yummy Fruit Bus™ is now available in a convenient shipper display! Each shipper contains three cartons of the original Yummy Fruit Bus. Set up is easy, and your customers will love the presentation. Visit our booth for more information.



**AISLE 5600**

**Booth #5639  
SUNSWEEET GROWERS, INC.**  
Yuba City, CA

Sunsweet Growers Inc., a grower-owned marketing cooperative, offers a variety of delicious dried fruits and juices including the new Plum Amazins, Amazon Blends, D'Noir Prunes, PlumSweets, Prune Juice, and Philippine Mango.



**Booth #5650  
DOUGLAS MACHINES CORP.**  
Clearwater, FL

Choose from over 80 Douglas Washers to clean all containers commonly found in the food processing and produce industries. Batch and continuous cleaning models for pans, trays, pallets, lugs, totes, racks, bins, vats, barrels and buckets.

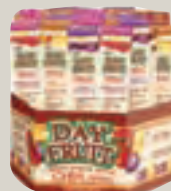


**AISLE 5700**

**Booth #5709  
JOVY FRUIT ROLLS**  
City of Industry, CA

Introducing Day Fruit – Fruit Snack with Chia Seeds by the Makers of Jovy Fruit Rolls

- No Artificial Colors or Flavors
- 97 Percent Fat Free
- Gluten Free
- Kosher



**Booth #5715  
ITAUEIRA REI MELONS**  
São Paulo, Brazil

This year, Itauera is bringing something new to the show floor, its Brazilian Canary Melon fresh cut. There will be demos during the show, so every visitor can see for themselves how amazing this melon is. Inside, the flesh is similar to the Honey Dew, but the taste is delicious, always.



**Booth #5723  
BEACHSIDE PRODUCE, LLC**  
Guadalupe, CA

Headquartered in Guadalupe, CA, Beachside Produce, LLC is a year-round grower/shipper, and one of the leading producers and marketers of commodity packed broccoli in the U.S. Beachside Produce provides a full line of vegetable consolidation for its customer base. Please visit us at our booth and see what we bring "From our Family Farms...to your Family's Table."



**AISLE 5900**

**Booth #5907  
UNITED JUICE COMPANIES OF AMERICA**  
Vero Beach, FL

We are introducing a new 100 percent all-natural juice with a children's live animated show, called LazyTown. United Juice Co. teams up with LazyTown to introduce four, 100 percent all-natural juice products for children. Check out our booth to sample these natural juice products.



**Booth #5915  
CMI**  
Wenatchee, WA

Over the last 20 plus years, CMI has steadily grown into one of Washington state's largest apple, pear and cherry shipper and grower. The company continues to be a pioneer in new varieties, sustainability, creative packaging and growing technologies.



**AISLE 6000**

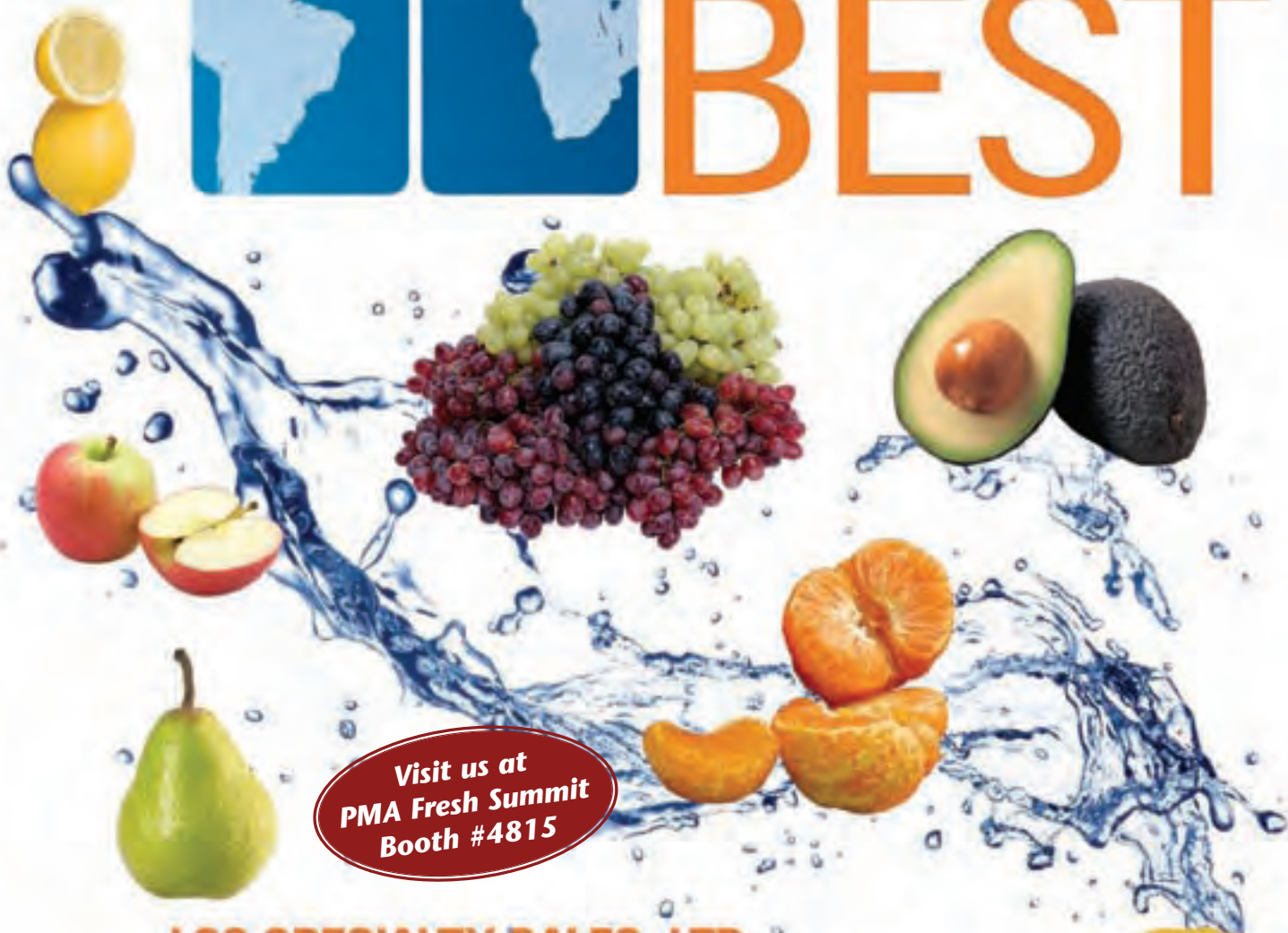
**Booth #6024  
GRAPPLE FRUITS, LLC**  
Wenatchee, WA

Reaching customers with a new taste and flavor. Try one of the latest juicy, crispy, up-and-coming gourmet Grapple brand apples at Grapple Fruits' booth.





# LGS... BRINGING YOU THE WORLD'S BEST



Visit us at  
PMA Fresh Summit  
Booth #4815

**LGS SPECIALTY SALES, LTD.**

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**DARLING  
CLEMENTINES**  
*Nature's Sweet Temptations*

**SUAVO**  
AVOCADO

**DARLING  
CITRUS**







PHOTO COURTESY OF IDAHO POTATO COMMISSION

US Air Force Academy in Colorado Springs, CO, shows off its spuds.

# Idaho Potato Lovers Contribute To Another Record-Breaking Year

Retailers and military commissaries show their love for the spud in the annual Idaho Potato Commission's Potato Lover's Month retail display contest.

BY MICHELE SOTALLARO AND MADELINE MESA

Each February, for the past 22 years, potato lovers in retail profess their admiration for Idaho potatoes by participating in the Idaho Potato Commission's (IPC) Potato Lover's Month retail display contest. About 4,049 supermarket chains and independent retailers alike, along with military commissaries, submitted entries for the contest.

This year, entrants were encouraged to cross-merchandise displays with Hormel Real Bacon Bits to play on the consumer craze around all things bacon.

To enter the contests, retailers and military

commissaries had to create a display for their produce department featuring Idaho potatoes and Hormel Real Bacon Bits, plus special-themed point-of-sale material from the IPC and Hormel. The display was required to be up in the store's produce section for at least one week between Jan. 28 and March 1, 2013.

Entrants were instructed to follow these guidelines for the contest: build an attractive and memorable display with Idaho potatoes and Hormel Real Bacon Bits; incorporate the websites — [idahopotato.com](http://idahopotato.com) and [hormelfoods.com](http://hormelfoods.com) — into the display to give customers access to recipes and additional

information; order point-of-sale materials from [idahopotato.com/retail](http://idahopotato.com/retail) or through the category manager.

Stores were judged under four categories according to size: one to five cash registers/Category 1, six to nine cash registers/Category 2, 10 + cash registers/Category 3, military commissarie/Category 4. Up to \$34,000 was rewarded in cash prizes to winners and all entrants received Swiss Army backpacks.

PRODUCE BUSINESS congratulates the following stores for their first place wins this year and celebrates the industry's creativity with the following pictorial of additional winners.

## 1 - 5 Cash Registers/ Category 1 Winner

1st Place - \$1,500

Christy Inman

**Kirkpatrick's Foodland**  
South Pittsburg, TN

## 6 - 9 Cash Registers/ Category 2 Winner

1st Place - \$1,500

Brian Taylor

**Marsh Supermarket**  
Indianapolis, IN

## 10+ Cash Registers/ Category 3 Winner

1st Place - \$1,500

Robert Kruse

**Sweetbay Supermarket**  
Wesley Chapel, FL

## Military/Category 4 (k1, k2)

1st Place

Leon Thomas, Jr.

**US Air Force Academy**  
USAF Academy, CO

## Military (k3, k4, k5)

1st Place

Donna Evans

**Sheppard AFB**

**Commissary**  
Sheppard AFB, TX



## 1 - 5 CASH REGISTERS/CATEGORY 1 WINNERS

1<sup>st</sup>



1<sup>st</sup> Place - Kirkpatrick's Foodland,  
South Pittsburg, TN

2<sup>nd</sup> Place - Piggly Wiggly #124, Clover, SC

3<sup>rd</sup> Place - Prenger Foods, Marceline, MO

4<sup>th</sup> Place - F.T. Reynolds, Baker, MT

5<sup>th</sup> Place - Fillmore Shop 'n Save,  
Fillmore, NY

2<sup>nd</sup>



4<sup>th</sup>



3<sup>rd</sup>



5<sup>th</sup>



## 6 - 9 CASH REGISTERS/CATEGORY 2 WINNERS

1<sup>st</sup>



1<sup>st</sup> Place - Marsh, Indianapolis, IN

2<sup>nd</sup> Place - Pierce's Market Place,  
Baraboo, WI

3<sup>rd</sup> Place - Hy-Vee, Canton, IL

4<sup>th</sup> Place - Sweetbay Supermarket #1865,  
Spring Hill, FL

5<sup>th</sup> Place - Marsh, Indianapolis, IN

2<sup>nd</sup>



3<sup>rd</sup>



4<sup>th</sup>



5<sup>th</sup>





# 12 TONS OF PURE UNADULTERATED SALES PROMOTION



**A rolling billboard**, not just for Idaho® Potatoes, but for produce in general.

Major news coverage all over America. And its own national television campaign.

Nobody goes the **extra mile** for you like Idaho. Nobody.



[idahopotato.com/retail](http://idahopotato.com/retail)



## 10+ CASH REGISTERS/CATEGORY 3 WINNERS

1st



1st Place - Sweetbay Supermarket,  
Wesley Chapel, FL

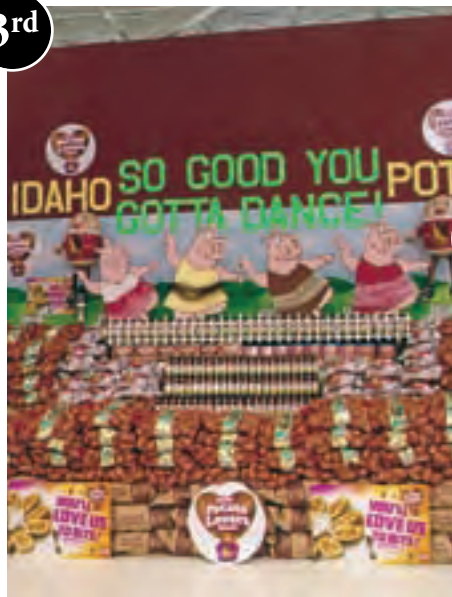
2nd Place - Hy-Vee, Windsor Heights, IA

3rd Place - Carnival Foods, Lancaster, OH

4th Place - Publix Supermarket,  
Vero Beach, FL

5th Place - Marsh, Indianapolis, IN

3rd



2nd



4th



5th



## MILITARY WINNERS

1st

K1, K2



1st Place (K1, K2) - US Air Force Academy,  
Colorado Springs, CO

2nd Place (K1, K2) -

Dyess AFB Commissary, Dyess AFB, TX

3rd Place (K1, K2) -

Laughlin AFB Commissary, Laughlin AFB, TX

1st Place (K3, K4, K5) -

Sheppard AFB Commissary, Sheppard AFB, TX

2nd Place (K3, K4, K5) - March AFB, Riverside, CA

3rd Place (K3, K4, K5) -

Fort Leonard Wood Commissary,

Fort Leonard Wood, MO

3rd

K1, K2



1st

K3, K4, K5



2nd

K1, K2



2nd

K3, K4, K5



3rd

K3, K4, K5





# Power Of The Potato

The industry shares best practices for merchandising potatoes. **BY KEITH LORIA**



Marketers and retailers agree that a broad assortment of varieties and package sizes can significantly improve potato sales.

In this 21st century world, people want things fast, simple and don't adapt well to change in their lives — unless it has to do with technology. That creates a challenge for potato suppliers in the U.S. and Canada who are fighting to change incorrect preconceived notions about fresh potatoes.

Chris Wada, owner of Wada Farms Marketing Group, LLC, Idaho Falls, ID, says that in the past, the most important factors for increasing sales included quality/freshness, competitive pricing, year-round availability and food safety/traceability. Today those factors are viewed as requirements or the cost of entry to be a valued supplier to retailers and their consumers.

"It's increasingly more important to really focus on being customer-centric in all efforts to increase sales of potatoes," he says. "That customer/consumer obsession will take shape in many ways as populations, generations, cultures and technology continue to redefine how the entire supply chain views potatoes."

Seth Pemsler, vice president, retail/international, The Idaho Potato Commission (IPC), Boise, ID, says there are a number of elements that must be considered in merchandising potatoes correctly, everything from promotions, to the varieties that are stocked, to showcasing them in the correct manner.

"Part of winning the battle is making sure

stores carry an assortment that meets the proper demographic. Everything else but the core product is a higher margin," Pemsler says. "If you only carry Russets, and it's an upper-middle or upper-class area, you're missing sales. If you're only carrying non-Idaho Russets, as opposed to Idaho, you're missing premium sales."

## Times Have Changed

There was a time when many retailers carried nothing more than bags of brown potatoes, but that is no longer the case. A look around the produce department will yield reds, yellows, organics, microwavable, fingerlings and more. Most of these have higher margins resulting in better profits for the store.



Mac Johnson, president/CEO of Aurora, CO-based Category Partners, a joint venture strategic retail marketing services company owned by Wada Farms and Farm Fresh Direct, Idaho Falls, ID, says potatoes are often taken for granted and treated as a commodity versus a consumer good.

"Certainly not all, but many retailers, have a 'stack them high and let them fly' mind set," says Johnson. "Potatoes should be given the same attention that many other items in Produce receive. There is really no optimal size; it all depends on the specific retailer, overall size of the store, and most importantly, the demographics of a particular store's shopper."

"A store that caters to large families should carry more 10-pound bags than a store that has shoppers who skew to empty nesters and baby boomers. A center city store where many of the customers walk, bike or take a bus should carry a selection of smaller sizes of potatoes," adds Johnson.

Dana Rady, director of promotions, communication and consumer education for the Wisconsin Potato & Vegetable Growers Association (WPVGA), Antigo, WI, feels there is a hindrance to Wisconsin potatoes being recognized among other types, so recent promotional efforts have centered around pushing Wisconsin-based brand logos and growers.

"This is something on the lines of a Kwik Lok or a picture on a tag," Rady says. "We're trying to find a cost-effective way of marketing our product and broadening awareness that Wisconsin is the third largest potato producing state and No. 1 East of the Mississippi."

Kendra Mills, marketing director at Prince Edward Island (PEI) Potato Board, Charlottetown, PE, which grows 25 percent of Canada's potato production, says there has been lots of buzz in the industry around proprietary varieties and breeding programs that bring

something new to the consumer.

"A lot of learning from other parts of the world is starting to hit our shores," she says. "In Canada, we are information-poor. We don't have the same access to stats and data that the U.S. has, so it's important that we keep up with everything that's going on. We're seeing growth in niche varieties and a proliferation of varieties in the potato category."

#### Merchandising Matters

"In-store merchandising of potatoes has

## A Healthy Choice

Jim Ehrlich, executive director of the Colorado Potato Administrative Committee (CPAC), Monte Vista, CO, believes the single most important factor in increasing sales is educating consumers. It is important to know why potatoes are good for them and to learn about potato nutrition so consumers make potatoes an important part of a healthy diet.

"Potatoes are an excellent source of vitamin C, potassium, fiber and are inherently low in calories," says Ehrlich. "In addition, gluten-free foods are also a hot topic in the food industry and potatoes by their very nature are gluten-free."

"No fat, no cholesterol, 45 percent of your RDA for vitamin C, more potassium than any other produce item in the store — who can deny that type of nutrition?" Ehrlich says. "I think many people are unaware of the true health benefits of potatoes, and relaying that message to consumers is a challenge."

Kendra Mills, marketing director at Prince Edward Island Potato Board (PEI), Charlottetown, PE, says that utilizing social media has been the best way to get the word out about potatoes and a method the board offers. Over the past six months, the PEI Potato Board saw tremendous growth in the amount of Facebook "likes" and Twitter followers, and this is an easy way to pass on information about nutrition, share potato recipes and clear up any misnomers. **pb**

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significant challenges due to a couple of factors," Wada says. "First, the ability to properly merchandise a produce item with relatively low supplier margins makes it difficult to consistently promote with impact. Second, successfully implementing a supplier-backed in-store merchandising program requires a high-level of retail participation to achieve the sales lift needed to justify the time and expense for everyone involved."

"Presentation and good eye appeal are the first factors at retail that will draw the interest of customers and help increase sales," says Marc Turner, sales manager for Bushwick Potato Commission, Farmingdale, NY.



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“With merchandising, a big mistake that many retailers make is that they decide to offer a giant special and use a five-pound bag as a loss leader,” says IPC’s Pemsler. “The retailer puts the bag right in the front of the produce section so, as customers walk in, they see the giant bin of potatoes at this super-low price, add a bag to their cart and then skip the potato section altogether because they have

what they need.”

“You have taken the customer right out of the market without them even noticing you have these beautiful fingerlings or this fresh red crop that just arrived,” Pemsler says. “What seemed like a good idea is actually a detriment to the department.”

Pemsler recommends keeping the store’s potatoes together so a consumer can see a full array of choices and make the best personal choice — which could lead to a higher market opportunity.

“Some retailers put potatoes in different parts of the store. Some refrigerate bulk inventory. The problem is that when consumers arrive at one selection, they won’t see the others because they will not stop at three different locations for potatoes,” Pemsler says.

“Another core error retailers make is with the potato table. Since bulk stock is in a different area, which carries a higher margin, consumers might miss it. A bag of potatoes could be two bucks for five pounds, whereas bulk potatoes could be 99 cents a pound. If you take the potatoes out of the market for the bulk, you miss that opportunity.”

Ted Kreis, marketing and communications director for the Northern Plains Potato Growers Association, East Grand Forks, MN, expresses a concern that prices for potatoes, especially red potatoes, were unusually high this past summer, and that may have caused some retailers to shy away from the category.

“Many stores quit promoting or stopped stocking red potatoes altogether at that time,” Kreis says. “Now prices are back to very promotable units, and there is pent-up demand, so it is important to again aggressively promote potatoes, especially reds.”

Making potatoes highly visible to consumers in a produce department seems to be a challenge. On a recent trip to a busy downtown Chicago grocer, Kreis noticed that potatoes were displayed beneath a display case on a floor platform, which he never would have seen had he not been looking for them.

“Typically, potatoes are a high margin, high volume item, so they should be put where they can be easily found,” Kreis says.

### Potatoes Anytime

There’s a feeling throughout the U.S. and Canada that potatoes are only appropriate for dinner; therefore, one of the biggest challenges that the industry faces is changing that almost universal notion.

“People can have a baked potato for lunch, and we are finding that more people are consuming them for breakfast, which we feel is a great idea,” PEI’s Mills says. “They don’t have to be a side-dish; they can be a healthy meal. If you’re making them the night before, you can easily cook a few more potatoes so you can have them quickly for breakfast or lunch the next day.”

A lot of WPVGA’s promotional efforts are directed toward eating potatoes in the morning. For example, its most recent recipe contest, “Put Your Best Foot Forward in the Morning,” received a blast of entries featuring breakfast options using Wisconsin potatoes.



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"It was amazing to see the amount of different creative ways people used potatoes for breakfast," WPVGA's Rady says. "I think families are discovering that potatoes are versatile, and you can cook a healthy meal at any time."

### Time Is On Your Side

Another big misconception among consumers is that cooking potatoes takes a long time, but nothing could be further from the truth.

"The fact that potatoes are easy to prepare is really a point that needs to be addressed," says Paul Dolan, general manager of Associated Potato Growers (APG), Grand Forks, ND. "Reds and yellows can be prepared in five to six minutes in the microwave with the skin on. I personally feel that people in the 20 to 30 age-range just do not know how easy it is to cook potatoes."

"In the hectic pace of today's consumers, many want or need to get dinner on the table fast. There are many potato options that can get that done — single-serve microwaveable potatoes, microwave-in-bag options, smaller C- and B-size potatoes can quickly be steamed, broiled or microwaved," suggests Dolan. "It's vital that consumers who are looking to get a meal on the table quickly do not overlook these products."

### Other Challenges

Consumption is a big challenge. People are often misinformed that potatoes are fattening or inconvenient, or they simply may not have grown up eating them.

Another challenge is competition with other produce items in retail, which are typically more favorable options in the minds and hearts of consumers.

"Education again comes into the equation," CPAC's Ehrlich says, "this time it's for retailers and produce managers — the ones who need to learn how selling more potatoes

help their bottom line enough so they start taking the time to have attractive, well managed potato displays along with innovative potato promotions."

"The United States Potato Board (USPB) has great, proven guidelines on display size, variety segmentation, packaging, optimal promotions, etc. The USPB is also a great partner for any retailer serious about improving the bottom line in their potato category," Ehrlich says.

APG's Dolan is in favor of smaller displays that rotate often — as long as they are out of

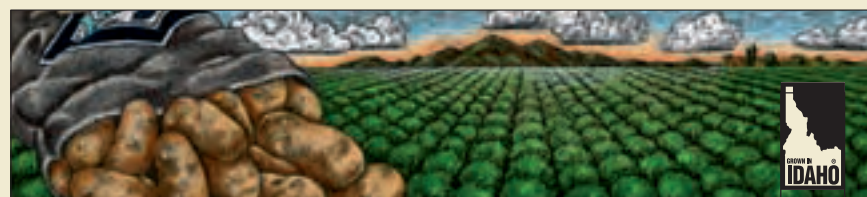
direct light. "Too often, stores won't display them properly. They keep the potatoes where they are not cool or are in too much light, which can be damaging to the potatoes," Dolan says. "It's a challenge in getting produce managers to treat them properly."

### On Display

When it comes to potatoes, like almost all products in the produce department, merchandising and signage can significantly improve sales. Aurora's Johnson recommends signage highlighting important factors — such as price, sales and key nutritional facts — to help dispel the negatives consumers hear about potatoes.

"Ensuring that the display allows the consumers to quickly find what they want, whether it's a 10-pound bag of Russets, a 5-pound bag of reds, or smaller sizes of specialty potatoes, will also help the shopping experience," Johnson says. "It's also important to rotate and cull the product on a scheduled basis, as consumers want fresh, attractive produce — potatoes are no exception."

Optimal display size will depend on the store and its location. Lower demographics should concentrate on more 5-pound bags,



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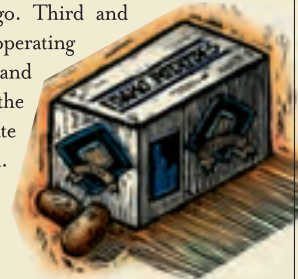
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## Perfect Partners

One of the strengths of potatoes is they are so versatile that they go well with lots of different protein sources and other vegetables too. That's why cross marketing is a great way to increase sales and get them on the minds of people as they shop throughout the store.

"The best way to cross market potatoes is to put the whole meal package close together in an attractive display and not limit creativity," says Jim Ehrlich, executive director of the Colorado Potato Administrative Committee (CPAC), Monte Vista, CO.

According to Mac Johnson, president/CEO of Aurora, CO-based Category Partners, studies show that when dinner includes a center-of-the-plate protein, potatoes are the No. 1 side dish, so cross merchandising with meat can be very effective. Consider a secondary potato display with meat or a circular ad featuring a roast and red potatoes, a steak and jumbo russets...the choices are unlimited.

Cross merchandising options also exist with sour cream, cheese and other produce items, such as onions or mushrooms. All these options can be very effective in gaining attention and incremental sales.

For the past 23 years, the IPC has run a Potato Lover's Month contest every February, where it partners with another brand and invites retail stores to create a one-of-a-kind display around the product partnership. This year, it teamed with Hormel Bacon Bits. Previous tie-ins included Hidden Valley Ranch Dressing, Velveeta and Cheese Whiz. [Editor's note: see the winners of this year's Potato Lover's Month contest starting on page 135.]

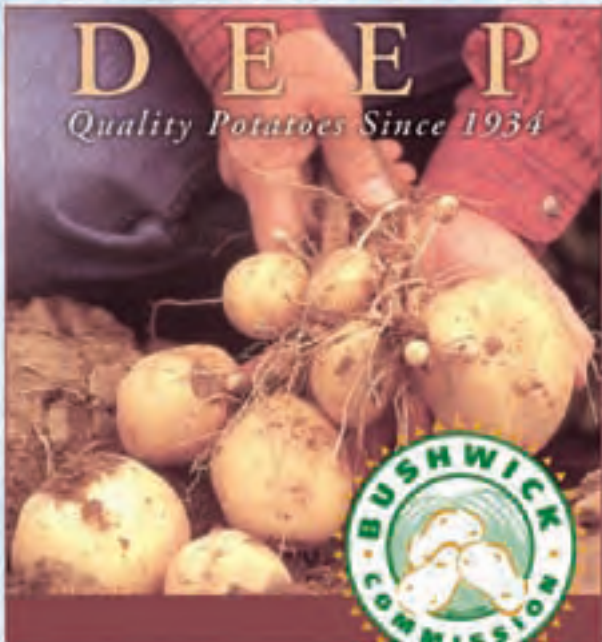
More than 4,000 entries were submitted for the 2013 contest. When giant displays are built, it helps to sell lots of potatoes, but it also helps the produce department as a whole because it drives customers there to shop. As a result, the consumers buy tie-in items and other produce.

because that's what is selling; while urban markets should offer potatoes as singles, because there is no room to store larger inventory. Suburban areas should focus on larger displays and offer 5-pound bags in different varieties.

"Potatoes benefit from large displays due to the many different varieties that are displayed at retail level. A good presentation, with colorful packaging, will create the best eye appeal," Bushwick Potato Commission's Turner says. "Also, creative displays using a


farm theme, for example, adorning potato displays with rustic decorations and anything that correlates farm-fresh with potatoes would make an eye-catching display."

In discussions with produce managers at different retail stores, WPVGA's Rady heard



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"We always tie in with another product — providing a benefit for us and the partner. People might forget to put bacon on their potato, so this makes for a bigger display and helps the store sell more product," says Seth Pemsler, vice president, retail/international, The Idaho Potato Commission (IPC), Boise, ID. "Part of the reason it works so well is that February is a slow month for produce. Retailers have time to create something, and all of a sudden, people are spending more time in produce than usual."

Another plus is, tie-in partners frequently will provide coupons for potatoes with purchases of their product. For example, Mrs. Dash will offer a \$1

coupon off Idaho potatoes if the customer buys a bottle of its product at certain times during the year.

The reality is, potatoes are bulky, so it's hard to stock them elsewhere for a tie in. The best way to cross market is by bringing something else into the potato section, and don't hesitate to put shippers on either side with signage.

"The ideal partner is a non-perishable item, because when you do perishable, you can't move them, and it's hard to move the potatoes to a section like meats," Pemsler says. "Bacon bits, croutons, onions, jars of garlic, or salt — logical garnishings that accompany baked potatoes or mashed potatoes."

pb

lots about the importance of "buying local" and supporting the "people in your backyard" who help provide the food people take home to their families.

"I think that adding eye-catching signs promoting buying local would be an asset," Rady says. "Nothing too small or too gaudy, but something that instills the value of the concept."

### The Organic Choice

Organic potato sales continue to grow, as does the variety of organic potatoes being grown. Not all stores are right for organics; for those that are, organic potatoes can play an important role. Again, knowing your customers and their consumers is important.

"Some retailers have carved an organic produce section; in that instance, it's easy for the consumer to find organic potatoes," Aurora's Johnson says. "But for retailers that incorporate organics into their traditional sets, it is key to ensure the signage clearly states that these potatoes are organic."

As it is for all items in the store, helping consumers find what they want quickly and easily is important to keep those consumers.

"Boldly display organic potatoes so consumers see the difference and provide education so consumers understand what organic really means to them," CPAC's Ehrlich says. "If a consumer values the organic concept, then promote it with zeal."

As much as organic produce is marketed, or perhaps viewed by many as containing increased health benefits, most people still make purchases based on appearance of

fresh produce.

"If organic potatoes can be presented cleaner, and as close to appearance as conventional potatoes, it will help increase sales," Bushwick Potato Commission's Turner says. "If the appearance of organics and conventional

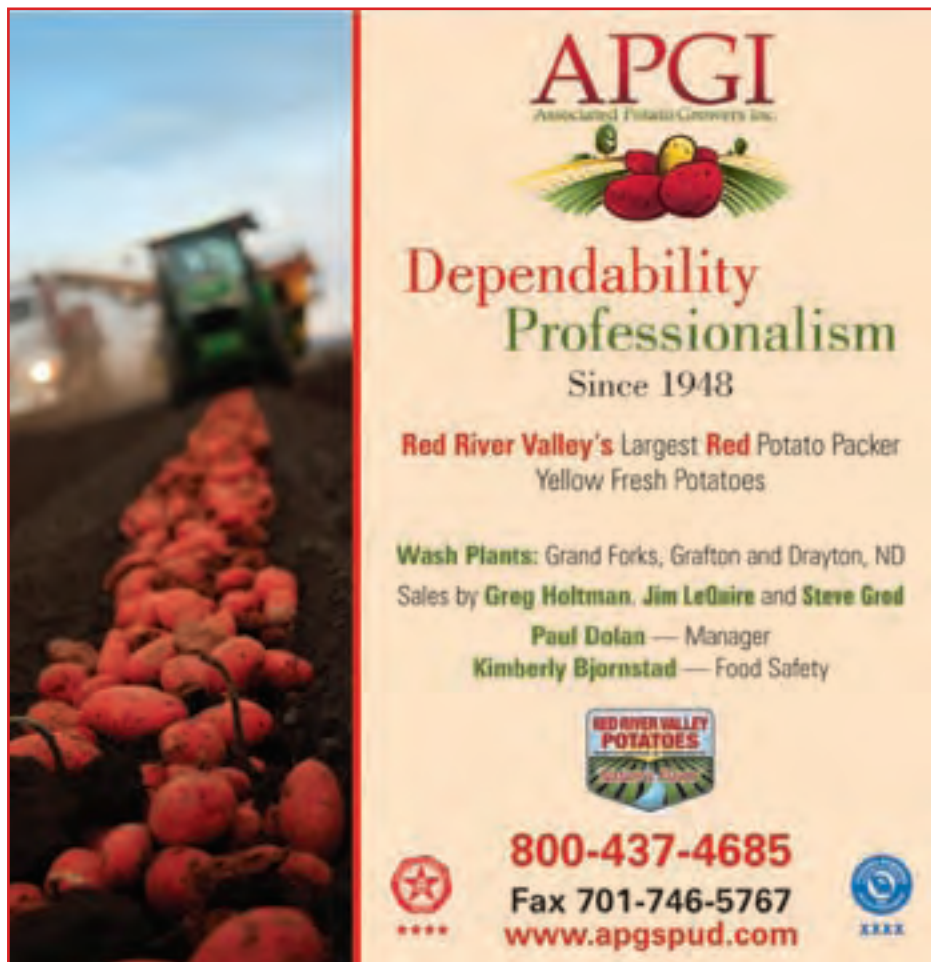
potatoes resembles each other closely, it will help the category."

### Capitalizing On Food Trends

While baked and mashed potatoes are still the two major preparation methods for potatoes, the smaller C- and B-size potatoes are growing in popularity. Due to a combination of availability, people want to try something new and convenient with their potatoes. Consumers want options that can be microwaved, boiled, broiled, or steamed in a short period of time.

"With so many consumers watching the Food Network, using the Internet for recipe ideas, or just wanting to experiment, both fresh and dried seasonings are playing a bigger role in potato preparation and presentation," Aurora's Johnson says. "This is helping to bring in younger demographics and the one- and two-person households that are looking for a different or restaurant-style potato experience. Working with retailers to get potato recipe ideas out to their customers can really boost sales."

According to IPC's Pemsler, most Millennials don't know how to cook, and that inability makes it tougher to sell things that



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require preparation. Being creative with potatoes isn't hard; people just have to learn.

Package innovation also plays a role in marketing potatoes to Millennials. Some have recipes listed, while others offer clear microwavable instructions. Some offerings even have sauces mixed right in the packet with the potatoes, which Pemsler says is a great way to address the lack of cooking knowledge.

Gone are the days when consumers would shop with a written list, as more people have turned to tablets and cell phones for organizing their shopping needs.

"Having recipe ideas available with the potato display is critical, especially with the new technologies that consumers embrace today while they shop," CPAC's Ehrlich says. "With the advent of so many cooking shows and the interest in healthy eating, I can't help but feel potatoes are in a great position to take advantage of the trend."

The PEI Potato Board has done some recipe development focused on the non-traditional approach and created appealing formulas for potato pizza and potato hor d'oeuvres.

"Our No. 1 recipe is potato chocolate cake and uses mashed potatoes for some of the oil in a chocolate cake recipe," Mills says. "Not only does it add nutrition and a vegetable, its moisture takes the place of some of those fattening ingredients."

The WPVGA also offers a food blog, which presents different posts about how potatoes can help people refuel to stay active. Recipes and other important potato information are included on the site as well.

## Available Resources

The IPC offers data to coach and share with category managers or new buyers who rely on the knowledge of field experts who have spent at least 25 years in the retail environment and can speak the language of any store produce director or manager.

Most retail category managers handle multiple divisions, which could represent over 100 or more SKU's, so suppliers that offer category management and category development services can significantly help by supplying pricing analysis, market and industry data, consumer insights, promotional recommendation, merchandising and signage support.

"Most category managers have no shortage of internal data, so a good supplier can help by providing timely, relative and actionable external data," Aurora's Johnson says. "The best decisions are made when you have the best information."

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# Six Sweet Ways To Sell More Pears

Retailers and marketers share trade secrets for better pear sales. **BY CAROL M. BAREUTHER, RD**



PHOTO COURTESY OF DOMEX SUPERFRESH GROWERS

Industry experts agree and research shows that merchandizing variety and pre-conditioning increase pear sales.

**A**pples and pears make quite a pair. Both are members of the rose family, harvested in the fall, and primarily enjoyed eaten by hand. However, when it comes to contribution to produce sales, the similarities end. Pears are the unsung heroes that contributed a flat 0.9 percent of total produce dollar sales for the 52-weeks ending May 25, 2013, according to data provided by the Nielsen Perishables Group (a Chicago, IL-based fresh food consulting firm). Apples provide over six times this percentage. The opportunity gap is huge.

Richard Stiles, director of produce and floral at Redner's Markets, Inc., a Reading, PA-based chain that operates 44 warehouse markets and 14 convenience stores in three states, says, "For us, the pear category is very important, and it keeps growing in sales. Sure, shoppers like apples, but they also want variety for their meals and snacks. Pears are vital to the total mix of what we offer to our customers."

Pre-conditioning programs, innovative packaging and creative promotional platforms all offer new ways to inch pear sales closer to apples.

## 1. Stock What's Hot

Ninety-nine percent of the domestic pear crop is grown in three western states. California provides 15 percent of this total. The state is projected to supply an average 4.4 million 36-box equivalents to the fresh market from its season — which kicked off June 20 and will run through December — according to the Sacramento, CA-based California Pear Advisory Board (CPAB).

Washington and Oregon together supply 84 percent of the U.S.'s fresh pears, according to the Milwaukie, OR-headquartered Pear Bureau Northwest (PBN). This figure is an estimated 19.8 million 44-pound box equivalent for the crop that began harvest in August and runs, for some varieties, through July — which is 2 percent more than last year and 4 percent greater than the five-year average. Argentina and Chile ship pears to the U.S. in the spring and summer.

Jonathan Holder, senior manager of produce and floral at Raley's Family of Fine Stores, a 133-store chain headquartered in West Sacramento, CA, says, "Bartlett and Green Anjou are the most popular due to their out-of-hand-eating experience."

"Bosc is another 'must-have,'" adds Redner's Stiles. "We don't sell as many Bosc as Bartlett or Anjou, but it is definitely a mainstay variety. So is the Red Anjou. We sell quite a lot of this variety too."

Bartlett pears led the contribution-to-category sales at 40.4 percent for the 52-weeks ending May 25, 2013, according to data provided by the Nielsen Perishables Group.

"What makes Bartletts especially popular with shoppers is their flavor and texture; they're a softer pear," explains Brian Coates, senior buyer and produce merchandizer for Meijer, a Grand Rapids, MI-based retailer that operates 199 supercenters and grocery stores throughout five states. "Plus, customers can see the skin change color from green to yellow and know when it is ripe. Several years ago, we did a California ad and got in full yellow Bartletts. I had to get extra trucks to rush them in because customers were buying them so fast."

Kevin Moffitt, president and chief executive officer of the PBN, says, "Red Bartletts were once in significant volume." He explains that the variety has a history of not attaining a full red color and re-greening. "Customers buy with their eyes. As a result, Starkrimson is



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beginning to replace Red Bartletts,” says Moffitt.

Bartletts are followed by Anjou at 29.2 percent and Bosc at 16.7 percent of pear category contribution for the 52-weeks ending May 25, 2013, according to Nielsen Perishables Group data.

Roger Pepperl, marketing director for Stemilt Growers, Inc., in Wenatchee, WA, says, “We’ll sell three times the amount of Anjou than Bartlett because of the length of the season. Bartletts are available from August into just after the first of the year, but Anjous go from September into July. The bulk comes from mid-November when we take them out of cold storage and precondition.”

By September, the Pacific Northwest is harvesting a full variety of pears. This includes Comice, Forelle, and Seckel, which represent 2.0 percent of pear category dollar sales, with other pear varieties (including Concorde), representing 0.6 percent of category sales for the 52-weeks ending May 25, 2013, according to data from the Nielsen Perishables Group. This variety is ideal for fall and early winter ‘pear-arama’ promotions.

“Comice eats well,” says Meijer’s Coates, “but it’s not pretty to look at because of the russetting. I think it is held back because of the way it looks.”

## 2. Precondition To Promote Repeat Purchases

It’s a no-brainer that ripe pears sell faster than those that are rock hard. At the same time, not all consumers know how to select a ripe

pear. This is why preconditioning programs, implemented over the past five to eight years by grower/shippers and retailers that have in-house ripening facilities, have helped boost pear sales at retail.

Meijer’s Coates explains his experience, “We’ve tried preconditioned Bosc, red, all different varieties. However, these other varieties don’t have the velocity of Anjou, so it resulted in higher shrink. Today, we only precondition Anjous and maybe some early season Green Bartletts. The added benefit with the Anjous is that they don’t turn color when ripe, so preconditioning helps our customers to be able to buy consistently ripe fruit.”

“Approximately 30 to 40 percent of Anjou pears shipped out of the Pacific Northwest are preconditioned,” says the PBN’s Moffitt. “We’ve added six to eight retail outlets out of 12 to 15 targeted annually over the past few years. A big selling point is using the results from a third-party study we conducted with a California retailer in April 2012. The research revealed a 19.5 percent increase in sales of preconditioned Anjous, and customers continued to buy the preconditioned fruit at a higher rate even two to three months after the study’s conclusion.”

“It’s a misnomer that preconditioning leads to increased shrink,” says Stemilt’s Pepperl. “Studies show that people prefer to eat pears when they are at 3 to 6 pounds of pressure. Anjous are usually 17 to 18 pounds of pressure right off the tree, and the precon-

**“Retailers need to institute and maintain a consistent ripe pear display at all stores to drive consumer confidence, taste expectations, and repeat purchase behavior.”**

— Suzanne Wolter, Rainier Fruit Company

ditioned fruit we ship is at 7 to 9 pounds. So, if the fruit went south, it’s really in the range of just right for eating.”

Suzanne Wolter, director of marketing for the Rainier Fruit Company, in Selah, WA, says, “Retailers need to institute and maintain a consistent ripe pear display at all stores to drive consumer confidence, taste expectations, and repeat purchase behavior. Displaying conditioned with non-conditioned fruit will sabotage retail efforts of building a successful program.”

In addition, Wolter says, “Emphasizing the correct procedures at store level is essential to capitalize on maximum benefits of a preconditioned pear program. Ripe pears should not be stacked more than one or two high. Ideally, if space allows, the pears should be displayed in the euro boxes to reduce handling. However, several retailers have executed successful programs with bulk displays by educating store personnel on handling. One of the biggest challenges is communicating to consumers the pears’ ripeness. A combination of ads, signage, demos and personnel training is important.”

## 3. Carry Enough Of The Right Varieties

“Years of data show more varieties equals more sales,” says Chris Zanobini, the CPAB’s executive director.

Many retailers are doing a successful job of maximizing category sales by merchandising multiple varieties.

In the fall, Raley’s Holder says, “We offer up to seven varieties based on availability as some have short seasons. Throughout the



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year we typically carry at least four varieties: Green Bartlett or Anjou along with a red, Comice and Bosc.”

“Meijer’s carries up to 10 SKUs of pears from fall to April,” adds Coates. “This includes seven green and red conventional varieties, an apple pear (or Korean pear), and two organics such as an organic Bartlett and organic Anjou.”

“Organic pears represent a growth segment,” says Howard Nager, vice president of marketing for Domex Superfresh Growers, in Yakima, WA. “Organic Bartletts and Anjous

make up about 83 percent of the retail dollar sales in the segment.”

“Signage is so important to help shoppers know the difference between the varieties,” adds Brett Burdsal, regional director of marketing for Wenatchee, WA-based Columbia Marketing International (CMI). “Knowing the difference allows for more people to find their favorite variety.”

John Onstad, director of sales at the Yakima, WA-based Sage Fruit Company, says, “One way to increase variety is to promote more than one



PHOTO COURTESY OF RALEY'S

variety at a time in ads.”

“October through January is a good time for a ‘pear-arama,’” suggests Stemilt’s Pepperl. “Make a two-week ad, giving produce managers more time to determine movement and sell through. In October, feature Bartlett, Bosc, Concord, Starkrimson and Seckel. In November, add red and green Anjou.”

Meijer’s Coates says, “We do as many pear-arama and multi-variety ads as we can. When we do, we line price all the conventional varieties; organics are a different price. This encourages customers to purchase something other than the Bartletts and Anjous.”

The PBN has positioned itself as the ‘data expert’ by purchasing retail-specific information, analyzing it, and creating actionable facts that retailers can use to maximize pear assortments within a given market region and/or market demographic.

Moffitt says, “More variety isn’t necessarily for every retailer. For example, Forelle, Seckel and red pears won’t sell well at a discount chain, because they are typically priced too high. On the other hand, they can drive profits when offered at an upscale chain or a chain that is known for its number of produce SKUs.”

#### 4. Add Packages For Incremental Sales

Pears are customarily merchandized loose by the pound. However, some retailers have found incremental sales success by offering packaged pears. One example is Meijer. “We promote a 6-pound bag of pears between Thanksgiving and Christmas,” says Coates. “We used to carry a 3-pound bag, but it got lost on the shelf with the 3-pound bagged apples.”

As for packaging type, Coates adds, “We sell Seckel pears in an open bag similar to grapes. This has proven to increase sales and decrease shrink, because these smaller pears tend to not get lost on the shelf.”

Oneonta Starr Ranch Growers, in Wenatchee, WA, is introducing a 2-pound

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— Richard Stiles, Redner's Markets, Inc.

pouch bag for its Seckel pears this season.

“Another pack Meijer introduced is Stemilt's Lil Snappers packages,” says Coates. “The sparkle of the graphics help the pears stand out. We merchandize the Lil Snappers at the end of the bulk pear display on cart level Metro racks.”

Stemilt Growers introduced Bartlett and Anjou pears to its Lil Snapper line last year. Bosc and a red pear will be added this season. The fruit is packaged in a 3-pound re-sealable gusseted pouch bags with handles and colorful kid-friendly graphics.

“This fall, CMI will launch a high graphic 2-pound pear pouch with the intent of introducing pears to a whole new generation of customers,” says Burdsal. “The bags come in four varieties (Anjou, Red Anjou, Bosc and

Bartlett). It has a flavor description and recipe on each bag. We feel that letting people know how to include them in everyday simple, full flavored recipes is just as important as how each tastes eaten straight out of the pouch. We will continue to offer pear display sleeves and tote bags to retailers to encourage large displays of pears.”

“Redner's sells small pears in tote bags in the fall,” says Stiles. “Small Bartletts are big for us at back-to-school time. We give them a good retail price, such as less than \$1 per pound, and easily sell through a couple of cases in each store.”

A “hammock” pack, in which six pears are suspended in a tray pack (or “hammock”) within a clamshell, was test marketed by researchers at the University of California at

Davis last fall yielding good results. “The benefits of this pack are that it is good for preconditioned fruit sold ready-to-eat, it protects the fruit, and it can be packed in production rather than have to be repacked,” says the CPAB's Zanolini. “The negative is that it's expensive. There is a fine line between value and price.”

Bob Koehler, the PBN's lead regional marketing manager, says, “Studies show increased sales and profits when bags or packaged pears are added. It's a whole different customer. It's all incremental sales.”

#### 5. Display: Bigger Is Better

“The pear category is subject to a high level of impulse purchases,” says Rainier Fruit's Wolter. “Therefore, location has a direct impact on sales. A front-of-department display location provides the best volume and dollar sales results.”

Size also matters. CMI's Burdsal says, “We encourage a nice big display at the start of the new crop through the holidays and a gradual paring down of the display as we run through the varieties. Summer brings fresh imports, and we like to see the pear displays increase, showcasing the Argentinian and Chilean fruit we bring in.”

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“Redner’s keeps all of its pear varieties together in a destination display,” says Stiles. “The large variety helps the category stand out to customers.”

Meijer also merchandizes its pears together in a primary destination display. However, Coates says, “We have had some success with selling Anjous as an in-store promotion and on an endcap next to Honeycrisp apples. It’s proven a good way to move more tonnage when growers need help. We don’t take the Anjous out of their main display position because customers are used to looking for them there.”

At Raley’s, Holder says, “We display our pears on refrigerated dry tables along with out-of-department displays during peak promotional weeks. Display size will range from 24-square-feet for all varieties to double or triple that.

“Bins are a good way to display pears, both inside or outside of the produce department,” says Stemilt’s Pepperl. “We offer a high-graphic bin that can hold 4-, 5- or 6-pound bags of Anjou or Bosc. A 50- to 100-store chain that sells through one bin in every store can sell an extra load of pears this way.”



PHOTO COURTESY OF DOMEX SUPERFRESH GROWERS

### 6. Promote By Price And Usage

Price is the most popular platform on which to promote pears. “Raley’s stores begin promoting pears in early summer featuring a longtime local grower,” says Holder. “Then in the fall we promoted pears an average of every

other week. Display/sales contests with produce managers proved to be successful in creating excitement in our stores.”

Meijer chooses to partner with the PBN on in-store radio clips when pears are on promotion.

Just like for apples, recipes are a great way to spur sales of additional pears. “Pears with cheese, pecans, walnuts, salads, sandwiches and more show customers how this fruit can be easily added to spark up every-day dishes,” says CMI’s Burdsal. “This year we will introduce a new two-box shipper kit that includes two boxes of pears and a high graphic display stand to promote the fruit. The high graphic display has beautiful images of pear recipes and a QR code for easy access to recipes.”

The PBN’s website offers a wealth of recipes. One of Redner’s Stiles’ favorites is a spring mix salad topped with sliced pears, dried cranberries and pumpkin seeds. “In the fall and winter, we will have ingredients for a specific recipe — for instance, all the pear salad items in the same location to create a one-stop-shop for customers. You need to get new ideas out there. It’s creativity that drives impulse sales.”

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# Pistachios Find Niches And Broaden Flavor Profiles

With lots of competition in the category, marketers are finding creative ways to differentiate product and ultimately increase sales in Produce. **BY MICHELE SOTALLARO**



PHOTO COURTESY OF AMERICAN PISTACHIO GROWERS

**W**hether in-shell or shelled, pistachios continue to catch consumers' attention. With its increasing flavor profile, heart-health affiliation and nutritional benefits, pistachios are a great addition to any produce department's portfolio.

The traditional method of promoting pistachios during any sporting season — especially baseball and football — is a tried-and-true strategy. From a manufacturing standpoint, "a recent Mintel research report showed a 44 percent spike in new product launches with pistachios since 2008," reports Judy Hirigoyen, director, global marketing for American Pistachio Growers (APG), based in Fresno, CA. "Menu mentions of pistachios have increased an incredible 176 percent over the same time-frame," adds Hirigoyen.

This news, coupled with the influx of pistachio popularity after Paramount Farms' Wonderful brand "Get Crackin'" awareness campaign started in the fall of 2009, has marketers broadening promotions for consumer and foodservice meal ideas, snacking options, and health benefits to carve individual niche markets and increase sales at retail.

## Marketing For Specific Consumers

Aurora Products, Inc., in Orange, CT, packages not only pistachios but also over 100 different natural and organic dried fruits, nuts, trail mixes, salad toppings, and granolas.

Aurora's president, Stephanie Blackwell, says the company has to do what it can to compete with growers that sell direct to retailers, such as Setton Farms, Paramount Farms and Keenan Farms. "Therefore we need to find our special niche in the pistachio market," says Blackwell. "We do this by concentrating on the shelled nuts and promoting them during baking season."

"We carry only naturally opened unbleached pistachios," explains Blackwell. "Also, Aurora sells more shelled 'meats' than in-shell because there is so much competition for the shelled."

Keenan Farms in Kettleman City, CA, was one of the first pistachio processors in the state. Since 1972, the company has been growing, processing and marketing pistachios. "Over time, our roasting process has become somewhat of an art; as a result, the flavor profile of our product is second to none," says Beth Sequeira, sales and marketing for Keenan Farms, Inc.

Wonderful Brands has become a household name for pistachios in produce departments — especially Wonderful Pistachios' snack-size packets. "A handful helps take the edge off hunger," says Marc Seguin, vice president of marketing at Paramount Farms, POM Wonderful and Paramount Citrus in Bakersfield, CA. "It's a smart snack, acting as a satisfying 'bridge' between meals."

"Our members are responding to the demands of the health-conscience and active consumer with unsalted nuts, portable snack pack sizes and even a snack product that combines dried fruit with pistachios for an energy spike," says APG's Hirigoyen. "The work we're doing is creating new places and times of consumption for our product."

Dwayne Smallwood, produce manager and buyer for Okie's Thriftway Market in Ocean Park, WA, welcomes new pistachio snacks and variations, and says that as more become available, the store will include larger assortments in Produce.

## Heart Health Is Center Stage

Each marketer may have its niche territory, but the industry is also playing up heart health in a variety of ways. Heart-health marketing is



also a way to keep pistachios front-and-center in the produce department year-round.

"We're proud to partner with the American Heart Association (AHA) in their Heart-Check Program," says Keenan Farms' Sequeira. "The Heart-Check mark appears on our retail products and makes it easy for consumers to spot heart-healthy foods in the store that meet AHA's guidelines."

"American Pistachio Growers received the American Heart Association's Heart-Check Certification for in-shell pistachios and kernels that meet the AHA nutrition requirements for heart-healthy food when eaten as part of an overall healthy diet plan," explains Hirigoyen. "Our member processors have the ability to feature the mark on their packaging. If an APG member packs for a private label, the mark can be used for that private label brand. This is a great resource for both the seller and the consumer."

Aurora sponsors many long-distance-running events by giving out free samples on the day of the race. The company supports a range of causes from Lou Gehrig's disease to heart-healthy campaigns.

"Select varieties of Wonderful Pistachios (namely, the Lightly Salted and No Salt varieties) proudly carry the American Heart Association Heart-Check mark — a trusted label for shoppers who are navigating the grocery store looking for heart-healthy products," says Wonderful's Seguin.

### The Future Of Pistachio Sales

In addition to understanding the niche markets and health benefits of pistachios, it's practical for the industry to recognize the bold flavor profiles that pistachio companies are exploring.

Santa Barbara Pistachio Company focuses on organic and gourmet flavors such as Onion Garlic Roast, Chile Lemon, and Red Hot Habanero.

"We carefully consider consumer preferences when developing new products," says Keenan Farms' Sequeira. "For example, this year we're introducing a new 1-ounce snack-size package. This small unit includes an easy-to-open laser scored edge and is ideal for today's on-the-go consumer. Our line of unsalted pistachios has also become popular, especially for those looking for low-sodium snacks."

"Pistachios are a perfect addition to salads, pasta dishes, breakfast items and more!" says Sequeira. "They're the perfect way to add a buttery, protein-packed crunch."

"Last year, Wonderful Pistachios launched a few new varieties including Sweet Chili and Salt

& Pepper," says Seguin. "Both flavors offer a unique and enjoyable taste explosion for those craving a salty snack. The brand has also seen the chili flavor category trending lately."

### Executing Pistachio Sales In Produce

"Research shows consumers are absolutely indifferent to brands of pistachios, so the most important element of retail marketing is to provide easy and visible access to the product, including the private labels," says APG's Hirigoyen.

"If a shipper is available, we will purchase them — especially for football season," says Thomas Nichols, owner of Harry's Supermarkets. "We do extremely well with pistachios during football season."

"Our display shippers provide eye-catching displays for in-store sales," says Keenan Farms' Sequeira. "Each of our shippers has a particular theme to correspond with special promotions or events during the year. We also ship Heart-Healthy themed bins that showcase the best part about eating pistachios."

"Retailers can promote Wonderful Pistachios in a variety of ways with different bins, tie-ins and promotions," explains Seguin. For many of the major holidays, as well as sporting

events, the company includes tie-ins to the advertising campaign and/or promotions around the product. "All of these marketing tactics help Wonderful Pistachios attract consumers in-store and create excitement in the produce department," says Seguin.

Okie's Thriftway Market stocks the Wonderful brand and uses tie-ins during sporting event seasons. "We used to carry bulk pistachios and host events, but then we would find shells everywhere, so now we are doing predominantly bagged items," Smallwood says with a light-hearted laugh.

"Our marketing goal is to position American pistachios under a health halo, with emphasis on their unique and luxurious flavor," says APG's Hirigoyen. "Health-conscious consumers look for them in Produce, and snackers are likely to purchase them when displayed throughout the store."

"Our strategy is to use wholesome, active people who've declared American pistachios as their 'official snack,' raising awareness to their nutritional benefits and the fact that they're the ideal snack that fuels a fit body," explains Hirigoyen. "As APG works to popularize pistachios in these segments, retailers should see the trickle-down effect among consumers." **pb**

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# CROSS-POLLINATION MANAGEMENT



**M**any of us have faced changes in management, at both senior and peer level, during various times throughout our careers. The recent trend of bringing non-grocery/food executives into the management of retail grocery companies has set a disturbing precedent. Experience taught me that to be successful in working with this type of management, you had to be patient and take the time to educate them on

the peculiarities of retail Produce and the retail grocery business as a whole. This effort usually yielded a tacit understanding of our produce industry or at least a tolerance of its idiosyncrasies. However, when approaching many of these new executives with a particular situation in the produce world, one would receive blank stares, which told you they just don't get it!

The influx of these executives and managers from outside industry has produced a shift in the management for grocery companies. Instead of the merchant's view of selling product to the customer, these new executives — mostly from CP (consumer products) companies — tend to take a more financial look at the operations and deal with challenges in more of an analytical manner. As more of these executives join the ranks of management, the more companies veer away from the tried-and-true, traditional ways of food retailing.

This movement of "cross-pollination" in the industry is not necessarily a bad thing, as it would bring new and different perceptions and views of retail. The problem has been that these new immigrants to the grocery/food industries do not take the time to learn and understand how food retailing, especially produce retailing, functions successfully. Their approach is to make all aspects of food retailing fit neatly into the concepts that they have learned in a CP company. For us veterans, we have learned through years of experience that this is not necessarily successful and that these categories don't neatly fit into this model.

By not acquiring solid knowledge of the industry, these executives are directing many companies, both in supply and retail, in directions that cannot be sustained and will not be successful. By focusing on CP-driven goals and objectives, along with financial measures, these executives are in danger of losing their connection to the customer, which is a key part of any true merchant's success. While the influx of many of these executives from outside the industry is concerning, there are success stories where new executives chose to learn about the industry and adapted their previous experience to fit the needs of a grocery/food operation. These executives take time to learn and gain an understanding of the basic concepts of food retailing and the peculiarities of various segments of the industry — including perishables, primarily meat and produce. Subsequently, the companies that these executives are managing continue to have success and growth while meeting sales and profit goals.

Having worked with these executives, it is obvious that the accomplishments of the operation are in direct relation to their ability to understand and learn the ins and outs of the industry. As a byproduct, the willingness of an executive to learn "the business" improves the morale of everyone involved and promotes cooperation in the achievement of company goals.

As we move forward, the jury is still out on this new breed of cross-pollination management of the food industry. While this welcoming shows the promise of bringing new blood and new ideas to the table, it also brings the threat of moving the industry into non-sustainable and unsuccessful directions. In many situations, if an executive is motivated to learn about the food retailing industry (and all of its intrinsic characteristics), the best of both worlds can be attained, and the potential for continued and sustained growth can be realized. It is only common sense and logic that confirms this correlation. The term "one-size-fits-all" does not apply in this situation, and the philosophy can be dangerous to the industry as a whole. This is yet another case where the theory that "knowledge is power" is proven; and in this case, the key to success in food retailing.

**pb**

**While the influx of many executives from outside the industry is concerning, there are success stories where new executives chose to learn about the industry and adapted their previous experience to fit the needs of a grocery/food operation.**

**By Don Harris**

Don Harris is a 38-year veteran of the produce industry, with most of that time spent in retail. He has worked in every aspect of the industry, from "field-to-fork" in both the conventional and organic arenas. Harris is presently consulting on all subjects of retail, category development and sales strategies, among others. Comments can be directed to [editor@producebusiness.com](mailto:editor@producebusiness.com)





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# REASONS TO INVEST IN THE EUROPEAN MARKET



**T**he general wisdom these days is that the real growth in U.S. fresh produce exports will come from fast emerging markets. It is only right that new opportunities are sought out in the emerging economies (and the U.S. has been successful with this tactic). While there is potential danger to switching commercial, technical and promotional attention to these markets too quickly and too exclusively, the hard-won markets in more mature economies

(such as the EU, Canada and Japan) may also be neglected.

Europe is a classic example. It is still one of the biggest economic markets in the world — 500 million consumers in 28 countries — with relatively high levels of consumer affluence, functional legal and banking systems, good communications and physical infrastructure, and transparent

routes to market through the leading retailers. Why would a serious U.S. exporter not be tempted to look at this market with interest?

EU retailers, such as Tesco, Carrefour, Casino, ALDI and Lidl, will be highly influential in the development of retailing in emerging markets as well and will take their knowledge, expertise and supply chain disciplines from Europe with them. The influence of how these EU retailers operate and develop business will be transparent for U.S. exporters, even for those not trading in the EU.

While the macro economic uncertainty in the EU of the past few years cannot be down-played, alternative markets in Asia and Latin America are not immune from these pressures either. Since 2007, industries with an array of customers across geographic markets have typically performed better than ones focused on single markets or regions. In order to access the growth opportunities of the future, the U.S. produce industries will have to continue to decrease their focus and dependence on domestic markets and the allure of other markets in the Americas and Asia. The EU can be part of this.

Of course, the impact of the global financial crisis was severe on the EU fresh produce sector. The effects resulted in: intense competition between retailers and foodservice companies, ongoing and accelerated rationalization of the trade structure at all levels, commercial and technical pressure for suppliers, a change in established consumer behaviour, and in some cases, a “trading down” by consumers in areas of product choice and selection. The impact was felt across the supply chain.

Within Europe, leading produce companies from all sources were forced to improve the efficiency of their supply chains as a result of their dealings with key retail customers. As consumer demand rapidly changes and businesses grow, large-scale grocery retailers implement category

management skills and expertise to ensure effective management of whole supply chains for specific fruits. Supply chains that follow “traditional” structures are the correct path for inventory that is produced and sold to packers or co-operatives (or other intermediaries that consolidate products) — who then sell to wholesale markets and from there to independent outlets. Where there is over-supply, such a strategy can only lead to an overall focus on price. For U.S. exporters, this is to be avoided.

The European fresh fruit supply chain embraces a range of company structures, from family-owned companies to listed public organizations and co-operatives. In many cases, these companies are vertically integrated with activities encompassing growth throughout distribution,

exercising greater control over business processes, and focusing on forming strong relationships with customers. Such developments facilitate communication and the development of innovative products or services to meet customer and consumer needs. Successful U.S. exporters to Euro-

pean markets will need to display a combination of the following characteristics:

- Align closely to leading retail customers, and invest on a continuous basis in new facilities for production, procurement, storage and distribution.
- Carve a niche in retail business to achieve a degree of importance to the customer base, rather than being one of many potential suppliers from which a retailer can pick and choose.
- Create a system to supply customers on an annual basis, and invest in marketing and promotional support to aid customers (and in some cases, private-label brands).
- Develop a streamlined supply chain that removes any unnecessary costs and inefficiencies.

Even the best produce supply businesses (both in Europe and in other countries) that have managed to achieve what has, in effect, become the “key success factors,” are not immune to the ongoing pressures from their customers.

It is beneficial for the U.S. fresh produce sector to adopt a well defined portfolio to approach international markets. The process begins with examining how much these respective markets are wanted; and just as importantly, how much these markets want one’s business. Then adopt a strategy to maintain, build, invest and treat as an opportunistic venture.

One can achieve this by examining and researching key opportunities and developing a high level of economic, political, social and market understanding. With new market opportunities consistently opening around the world, investment in this type of analysis can result in growers and exporters picking the right markets, at the right time. Europe should be one of them.

**pb**

**It is beneficial for the U.S. fresh produce sector to adopt a well defined portfolio to approach international markets.**

**By John Giles**

John Giles is a divisional director with Cheshire, U.K.-based Promar International, a leading agri-food supply and demand chain consulting company and a subsidiary of Genus plc. Giles is also the chairman of the Food, Drink & Agriculture Group of the Chartered Institute of Marketing. He has carried out a good deal of work in the international fresh and processed produce sectors and this includes work in the EU, Russia, North, Latin and Central America, Middle East, Asia and Africa. For questions, contact Giles via e-mail: [john.giles@genusplc.com](mailto:john.giles@genusplc.com)





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# RETAIL AND FOODSERVICE COMMONALITIES AND DIFFERENCES



In my 30-year career as a merchandising executive for regional, national and global retailers, as well as foodservice distributors, I am often asked, “What are the similarities and differences in working for a retail grocer and a foodservice distributor?” The similarities begin with category management, in six key areas:

**Vendor Management** — having the right vendors work collaboratively to understand and service the customer is essential. In addition, both parties must be transparent in their efforts to take unnecessary costs out of the system and work as true partners to achieve success.

**Pricing the Customer** — balancing the right items at the right price in each market is a necessity in today’s competitive marketplace. You must be nimble and understand your positioning within the marketplace.

**Promotional Planning** — developing a strategy for securing seasonally relevant items at a competitive price, with a proper sales forecast, is essential wherever you are.

**Assortments** — obtain the right mix of items, understand performance, and grasp opportunities that you might be missing. Both segments are driven to satisfy the customer.

**Strategic Category Planning** — develop a plan for where you want to take a category in the next two to three years. For example, seed and variety development or launching new and innovative processes need to happen wherever you are.

**Innovation** — the process of continually differentiating yourself within the marketplace is essential. One must anticipate and react to the market trends.

Another similarity lies with food safety and quality assurance. Today, having the right traceability program and FSQA supply-chain process in place is a necessity prior to entering the marketplace.

Supply chain management is also comparable between retail and foodservice management. Product shipping cost is impacting how all companies operate. New regulations continue to change the game. New supply chain solutions are becoming available whether it is consolidation solutions, rail or freight.

Talent management and training is another parallel relationship. Hiring and retaining the right individuals is fundamental wherever you are. Finding qualified, passionate associates is difficult. Keeping and developing them is essential. Balancing the demands to be more productive and maintaining a positive work environment is a critical part of any company’s success.

The final similarity is budgeting and P&L accountability. In today’s

world, meeting and exceeding budgets along with strategic targets is difficult. Doing so without compromising quality, freshness, brand reputation, or customer service is a balancing act for all.

To highlight the differences, there are some key aspects of foodservice merchandising to understand.

In foodservice, a popular model for distribution is the broadline foodservice provider. Within this segment, these distributors sell to independent restaurants, healthcare and hospitality facilities, government operations and educational institutions. The way they approach each segment is different. They typically approach independent restaurants with commissioned sales associates. Produce is just a portion of the array of over 30,000 items to sell. In this approach, the produce department is brought to the customer, who is typically a chef, via a delivery truck along with the rest of the restaurant’s needs.

These sales associates have a very narrow window of time, typically 5 to 10 minutes to present these items to each chef. The salesman’s training and confidence in the produce program will determine his or her success in selling to customers. Orders for

these customers are typically five to 15 cases, two to three times per week.

To support this approach, foodservice is much more focused on selling private label versus selling a branded product. When your commissioned salesmen are selling to the customer, they are looking for competitive advantages, whether it’s in the quality, price, food safety, yield or a balance of all these items. Key items are typically referred to as the PLOT (Potatoes, Lettuce, Onions and Tomatoes) category. These are the items that are typically in the highest volume. Customers will compare you with your competitors’ prices in a process known as “spread sheeting.” The philosophy is: If you’re right with the PLOT, you will get the rest of the chef’s order.

The approach to selling the healthcare and hospitality facilities, government operations, and educational institutions today is all about leveraging scale since these customers typically participate in purchasing programs to leverage scale. These programs are typically negotiated by a contracting team on the behalf of these customers and delivered via the same broadline approach that was described earlier. These accounts typically take two to three deliveries per week, with the central driving force being the need to push efficiency and supply chain costs out of the system.

In summation, whichever side I have worked on — foodservice or retail — today’s environment is competitive. My advice is to work cross-functionally with all members of the supply chain to generate the most efficient models, and be in the best position for the future.

Good selling!

**pb**

**With many similarities and only a few differences between retail and foodservice operations, understanding cross functionality will lead to success in a competitive environment.**

**By Craig Carlson**

Craig Carlson is a 30-year veteran of both the retail and foodservice industry. He worked successfully with all members of the supply chain to build best-in-class produce programs. Carlson is presently consulting in all matters of retail and foodservice on strategy and business development.





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In 100 words or less, describe why this person should be nominated:  
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**Nominee's Industry/Community/Charitable Activities:**

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**ABOUT THE NOMINATOR:**

First Name \_\_\_\_\_ Last Name \_\_\_\_\_  
 Company \_\_\_\_\_  
 Position \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Postal Code \_\_\_\_\_  
 Country \_\_\_\_\_  
 Phone \_\_\_\_\_ Fax \_\_\_\_\_  
 E-mail \_\_\_\_\_

Nominator information is for our use only and will not be shared with candidate or have a bearing on selection.

For more information email: [info@producebusiness.com](mailto:info@producebusiness.com)





# A MAN ON A MISSION

**A** young Floyd Griffin (pictured to the left) graduated from the University of Arizona with a chemistry degree and began working with a pesticide company. Every day he would come home to his wife and children, exposing them to the harsh chemicals that were on his clothes. He felt that there was a better way to grow produce and a way to use fewer chemicals on products.

Utilizing his chemistry background, he invented an application/spray that could be applied by growers and that would be safer for the environment. Eventually, Shell Oil Company bought the invention. At that point, Griffin examined his life and future by thinking about what he wanted to do for his career and his family.

While visiting the Soledad Mission in California, Griffin was inspired by the Mission's history and ambience. He decided to move to the central coast and started a farming operation. From there, Mission Packing formed in 1973 and eventually evolved into Misionero Vegetables.

Floyd's son, Stephen Griffin (pictured to the right) eventually followed in his father's footsteps once he graduated from college. He began working alongside his dad until his father's passing in 2006. Now Stephen is the company's current president and CEO.

"The photo shows my father and me in a cauliflower field looking at the quality of the produce," says Stephen. "The shot was taken near the Soledad Mission area in the mid '70s. My father was a person who recognized the greatest asset to a company was not found on the balance sheet but it could be found working alongside him in the field or office."

"As we all know, there are not many things that last 40 years. I know Misionero wasn't built in a vacuum. Forty years ago, my father had a vision; the vision was to start a company that treated its employees with respect and dignity," says Stephen.

"The photo shows where we had the beginnings of the company," says Dan Canales, Misionero's vice president of sales and marketing. "We started out as a traditional commodity company in the early years of the 1970s when we produced cauliflower and broccoli, lettuce, Iceberg, leaf lettuce and mixed vegetables."

"I'd say about 24 years ago, we got involved with value-added. We started out with a washed and trimmed leaf product," says Canales.

"Probably around 21 years ago, we started to get into organics. Now our company is 100 percent dedicated to value-added products," explains Canales.

There's no question that value-added and organics were the biggest changes for Misionero. "We literally got out of the commodity game 100 percent about 10 years ago," says Canales. "It was a hard decision, but it was the better decision for the company. We saw where this business was headed, and our timing was right."

In addition to following Floyd's philosophy to do what's right for future generations and their food, Misionero works closely with its seed partners to develop products that are healthy and give consumers what they are looking for in the lettuce category.

"We have close relationships with our customers who in turn give us a lot of feedback in the sense of what's going on in the marketplace. What people are really looking for," explains Canales.

"We realized a couple years ago that there are two things that keep coming back into play: nutrition and flavor. At any given time, we have at least 10 new product ideas in the loop, and we see what makes the cut. We factor in those two key components with a lot of other elements like convenience," says Canales.



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